

**GENERATORS TO 940 kV.A.
WATER PUMPS UP TO 8 INCHES**
MANUFACTURED BY
ATALANTA
ENGINEERING LIMITED
Hanworth Trading Estate, Hanworth Lane,
Chertsey, Surrey, England.
Chertsey 62655 Telex: 8812538

No. 28,839

FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

Saturday July 31 1982

***30p

SERVING THE MOTOR INDUSTRY

WIPAC
IGNITION LIGHTING
FILTRATION

CONTINENTAL SELING PRICES: AUSTRIA Sch. 15; BELGIUM Fr. 35; DENMARK Kr. 6.50; FRANCE F. 5.00; GERMANY DM 2.0; ITALY L. 1.000; NETHERLANDS Fl. 2.25; NORWAY Kr. 5.00; PORTUGAL Esc. 50; SPAIN Ptas. 65; SWEDEN Kr. 6.00; SWITZERLAND Fr. 2.0; SIRE SGE; MALTA 30c.

LIFE INSURANCE
The high cost of winning business
P.5

COLLECTING
P.11
Relics from the 18th century

ALASKA'S OIL WEALTH
A payout for the people
P.12
P.13
AIR FARES
The bucket shop boom

BOOKS
Chatsworth: by the Duchess of Devonshire
P.8

SPORT
P.11
The glories of Cowes Week

NEWS SUMMARY

GENERAL
Private funding for NHS scrapped
The Government has rejected the controversial idea of funding the National Health Service by a system of private insurance. Ministers, however, are to consider new ways of encouraging development of private health care. A working party will be set up to increase co-operation between public and private sectors. Back Page

BUSINESS
Dollar improves; gilts up 0.11
The dollar improved to DM 2.4625 (DM 2.455), Y257.5 (Y255.25) and SwFr 2.091 (SwFr 2.089). Its Bank of England trade-weighted index rose to 120.5 from 120.1. Page 19

Inquest on Helen
The Court of Appeal has ordered an inquest into the death of nurse Helen Smith who died at a Saudi Arabian party three years ago. Page 3

S. Africa's plan
South Africa's Government plans to create a new office of executive Presidency and a three-chamber parliament for Whites, Coloureds and Indians. Back Page

Maputo shootings
Nine members of the staff of the Chinese Embassy in Maputo, Mozambique, have been shot dead by another embassy official.

Gulf: 1,000 dead
Iraq claimed that more than 1,000 Iranians were killed during Thursday's Gulf fighting.

Chinese man 136
China's census takers have discovered a 136-year-old man who still goes into the mountains to rat firewood and can down a quart of rice wine at one sitting.

Black recruits
Derbyshire Police Committee approved recruitment of 12 coloured police cadets even if they do not have the required four O levels.

Toes transplanted
Two toes have been transplanted at Bristol's Frenchay Hospital on to the hand of fireman David Kennell, 45, who lost all his fingers and thumbs in a plastics fire.

Grin and bear it
Nurses at Derby Royal Infirmary, alarmed at the rate teddy bears were disappearing from the children's wards, have deterred the patients from taking them home.

Francis for Italy
Italian soccer club Sampdoria said Edoardo "Toro" Francis has signed to play for them next season.

Test score
Pakistan were 251 all out and England 51 for 11 in their second innings of the Cornhill Test at Edgbaston.

Briefly
Lady Pamela Hartwell, wife of Daily Telegraph chairman Lord Hartwell, left £986,249 in her will.
Nine bank mineworkers were trapped after a cave-in at West Breconshire gold mine, South Africa.
General Sir Richard Gale, who was deputy Supreme Allied Commander, Europe, died aged 86.
National Front has been banned from holding an anti-IRA march in Luton today.

CHIEF PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

RISES		FALLS	
Allied-Lyons	111 + 3	Comet	118 - 7
Barrat Dev.	300 + 8	Dixons Photo.	168 - 8
Britishair	57 + 8	Esperanza	120 - 6
Brownroot	48 + 3	Glass	720 - 10
M.K. Electric	438 + 15	IKN	135 - 3
Marelli	140 + 10	ICI	282 - 4
Mullion Elect.	168 + 4	Lee Refrigeration	233 - 19
Northampton Motorg.	92 + 6	Midland Bank	315 - 15
Sunbeam Wolsley	310 + 10	Rank Org.	120 - 4
Teco	79 + 3	Stalberg	381 - 21
Anglo Amer. Inv.	£261 + 1	Turner & Newall	44 - 2
Amroval	£16 + 1		
Hartbeest	£114 + 11		

Base rate cut will reduce mortgages

By William Hall and Andrew Taylor

A CUT of at least 1 percentage point in the mortgage rate will almost certainly be announced when building society chiefs meet next Thursday. A reduction in cost of home loans is inevitable following yesterday's further half percentage point cut in bank base rates to 11 1/2 per cent.

There is even an outside chance that building societies might reduce the recommended base mortgage rate by 1 1/2 percentage points, from 13.5 per cent to 12 per cent.

Bank base rates are at their lowest level since November 1978 and the fall in borrowing costs will give a welcome boost to industry. The half-percentage point cut will save companies £125m a year on their £50bn of borrowings.

Sir Terence Beckett, director-general of the Confederation of British Industry, welcomed the fall in base rates, the second in less than three weeks, but said that interest rates were still far too high compared with the rate of inflation.

The fall in bank base rates follows a week in which the Bank of England (by steadily lowering its money market intervention rates) has given pointed hints to the banks that it would like interest rates reduced.

The Bank cut its intervention rate for the shortest maturity of bills it buys in its money market operations, known as "hand-one bills" by 1/2 more yesterday, bringing the fall since the last base-rate cut to half a percentage point.

The seven day inter-bank rate, which has remained relatively high in recent days, fell to 12 1/2 per cent yesterday.

This, with the Bank's action in the money markets, finally convinced the banks that they should cut their base rates. The seven-day deposit rates fell by half a percentage point to 8 1/2 per cent.

A one percentage point cut in the mortgage rate could be expected to be matched by a reduction in the building societies' basic investment rate from 8.75 per cent to 8 per cent. If the mortgage rate were to decline by 1 1/2 percentage points then basic recommended ordinary share rate might fall to between 7.5 and 7.75 per cent, net of basic rate tax.

There has been mounting pressure on societies to reduce their home loan rates, which have not moved since March despite a 1 1/2 percentage-point reduction in bank base rates since then.

The clearing banks also have not altered their mortgage rates, and may decide to await the outcome of next Thursday's building societies' meeting before making any move on home loans.

The societies had decided to hold a special meeting next week, the first time the Building Societies Association council has met in August for nine years, even before yesterday's decision to cut bank base rates.

The impact of a one percentage point cut in the base base mortgage rate would be to reduce first-year monthly repayments on a £15,000 building society loan, over 25 years,

from £176.25 to £165.

The changes would immediately affect loans made to new borrowers. For most existing borrowers a reduction would not take effect until September 1.

One factor which will be crucial in determining the extent of any mortgage rate reduction will be the extent to which some societies appear to have become over-exposed to higher-cost savings schemes, through term shares and premium accounts.

Mr Stuart Eaton, chief executive of the Tipton and Croftly Building Society, said yesterday that a cut in the mortgage rate might have come sooner but for the "rat race for funds" by some of the larger societies.

Traditionally, the two biggest UK banks, National Westminster and Barclays, lead base rates down. But yesterday Lloyds Bank, the smallest of the Big Four, took the initiative.

The financial and foreign exchange markets had already discounted the UK base rate cuts and were unaffected by the move.

The pound strengthened against Continental currencies but, at \$1,738.00, was 25 points down on the U.S. dollar, which continued its firmer trend. The pound's effective exchange rate rose 0.1 to 91.5, while the U.S. dollar's effective exchange rate was 0.4 higher at 120.5.

In the UK gilt-edged market prices were 1/2 of a point or higher but equities remained sluggish.

Editorial Comment, Page 12
Money Markets, Page 19
Lex, Back Page

Midland Bank profits fall 9%

By William Hall, Banking Correspondent

MIDLAND BANK, the third largest of the UK clearing banks, disappointed the stock market yesterday by announcing a 9 per cent fall in its pre-tax profits in £95.1m for the half year to end-June.

The bank's poor performance contrasts with that of National Westminster and Lloyds, both of which have increased profits.

Earlier this year, stock market analysts had expected Midland to make about £150m in the first half. The estimates were scaled down following poor figures from Crocker National, Midland's U.S. subsidiary, but the outcome was worse than expected and Midland shares fell 15p to 315p yesterday.

One of the main reasons for the group's poor performance is a sharp increase in the bad debt charge which has more than

doubled to £75.3m compared with the first half of last year. A negative contribution from Crocker after financing costs was also hit earnings.

The profits of the domestic clearing bank were 61 per cent up on last year, but the overall UK contribution was reduced by Northern Bank, which had to make very substantial provision for bad debts, and by Clydesdale Bank, which was affected by difficult economic conditions.

Mr Geoffrey Taylor, Midland's new group chief executive, said Midland was more vulnerable in a recession because of its strong traditional links with industry.

He said the bank's "intensive care unit" was supporting 70 companies with borrowings of £300m and employing 70,000 staff. Forty companies which had been in the unit had been

Final bid to avert Sealink strike

By Ivo Dawdney, Labour Staff

LEADERS OF Sealink UK's 35,000 seamen will meet management in London today in a final bid to avert a national strike, which threatens disruption and delays for thousands of holidaymakers from 8 am on Monday.

The National Union of Seamen agreed to the talks last night after its executive officers and port representatives issued instructions to members at all 10 Sealink ports to join the strike in protest against plans to cut wages and alter conditions for 570 ratings based at Harwich.

The national strike is expected to hit Sealink services on all routes to the continent, Ireland, the Isle of Man and the Channel Islands. However, Sealink ships with foreign crews are to sail normally.

The union yesterday promised support to seamen who take sympathetic action on P & O and Townsend Thoresen ferries, but those services are also thought likely to escape disruption.

Sealink UK said last night that places available on vessels operated by its foreign partners would absorb most of the cross-Channel traffic. However, with the UK company's 130 daily high-speed ferries carrying up to 40,000 passengers, 5,500 cars and 2,300 lorries, some travellers would be forced to transfer to other shipping lines.

Routes to add from the Channel Islands, on which Sealink UK is the sole operator, are likely to be the worst hit. Last week, seamen at Weymouth and Portsmouth—the ports for travel to the Channel Islands—demonstrated with disruption their support for the Harwich strikers.

The NUS executive council stepped into the dispute yesterday after eight hours of talks, held by the Advisory, Conciliation and Arbitration Service at Harwich on Thursday, failed to break the deadlock.

The row stems from Sealink's determination to find £1.2m worth of cuts in staff costs on the loss-making Hook of

Holland services. An offer to avoid any compulsory redundancy in return for changes in working conditions and a 13 per cent cut in earnings, has been thrown out by the seamen.

There remains doubt, however, about the level of support Sealink ratings outside Harwich will give to the protest. Seamen in loss-making ports fear similar moves by management to cut wages, but those on the main Channel services at Dover and Folkestone might be less keen to strike.

Mr Dai Davies, NUS ferry port organiser, said last night: "We trust they will support the strike call, but we don't put guns to people's heads. Obviously it is not an easy decision."

Beckett call to cut costs for industry

By John Elliott, Industrial Editor

THE GOVERNMENT yesterday came under increasing pressure to change its policies towards industry when Sir Terence Beckett, director general of the Confederation of British Industry, warned that manufacturing companies were "gravely in danger of starving to death."

He was speaking in Sheffield before meeting next week with Sir Geoffrey Howe, Chancellor of the Exchequer. "Unless something is done to cut industry's overhead costs, it will go on getting thinner, said Sir Terence.

Sir Terence has seen the results of the CBI quarterly industrial trends survey to be published on Tuesday, and earlier this week he attended a gloomy meeting of the CBI economic situation committee whose members gave anecdotal support to the survey's findings.

"Things are looking decidedly worse than they did a few months ago. Bumping along the bottom is no longer a fair assessment of what is happening. The evidence of an upturn is overwhelming," he told the meeting.

"Output is flat, unemployment continues to rise, even to talk of sluggish growth to the end of the year looks like an optimistic assessment."

The cut in interest rates announced yesterday will help to

Beirut bombed and shelled by Israel

By David Lennon in Tel Aviv and our Foreign Staff in London

ISRAEL YESTERDAY resumed its bombing and shelling of West Beirut. Earlier it rejected international and Lebanese appeals to lift its blockade of food, water and power supplies. Renewed attacks from aircraft, artillery and gunboats offshore shattered the ceasefire which had been in operation for nearly 48 hours.

Eye-witnesses reported shells falling near West Beirut's centre where many civilians had taken refuge. Fires broke out in several parts of the Lebanese capital.

Israel's main attack concentrated on Palestinian positions in the capital's south. Tel Aviv military spokesman said Israel was not committed to "keeping a one-sided ceasefire."

Mr Yitzhak Shamir, Israel's Foreign Minister, said earlier the UN Security Council resolution demanding an end to the siege was "not going to change anything." The Foreign Ministry added that if Israel permitted food and water supplies to reach West Beirut they would be seized by Palestine Liberation Organisation guerrillas.

There are estimated to be 6,000 PLO fighters and 500,000 Lebanese and Palestinian civilians in West Beirut. No supplies have been allowed through since Monday.

UN officials in Beirut said yesterday there was an increasing danger of epidemics if water supplies were not resumed. Typhoid was the most immediate threat.

Mr Shafiq Wazzan, the Lebanese Prime Minister, said the Israeli blockade threatened negotiations with Mr Philip Habib, the U.S. special envoy, on the guerrilla's withdrawal from Beirut.

The siege was criticised by Israel's opposition Labour Party yesterday when Mr Menahem Begin, the Prime Minister, addressed the Knesset, Foreign Affairs and Defence Committee. Mr Shimon Peres, Labour Party chairman, demanded Mr Begin halt the air-raids, which he said seriously harmed Israel's image in the world. He urged renewal of water supply to West Beirut.

Mr Begin said the PLO had still not given an unequivocal commitment to leave. He warned that Israel might launch a military operation to kill or capture the guerrillas.

Anatole Kaletsky writes: There were indications in Washington yesterday that the crisis may be moving to resolution. At the White House, President Reagan and Egypt's Foreign Minister, Mr Kamal Hassan Ali, agreed the Arab League's six-point plan for a PLO withdrawal was a positive step, a senior Administration official said.

Wolves saved by Dougan consortium

By Ray Maughan

Wolverhampton Wanderers Football Club was saved yesterday within hours of the deadline for closure imposed by the Football League.

Receivers of the 105-year-old club announced that Wolves' assets and playing staff had been sold in a consortium headed by Derek Dougan, one of the club's former stars.

The receivers, celebrating last night with brown ale, were unable to disclose how much they received from Dougan's consortium.

It is known that Wolves' debts had been standing at

£2.5m and the Football League had insisted that the club cleared 70 per cent of the transfer fees owed in Chesterfield and Birmingham City and 60 per cent of other unsecured liabilities. These payments add up to about £240,000.

The receivers, from the Birmingham office of Peat Marwick Mitchell, will be responsible for clearing the preferential creditors from the proceeds of the sale.

The consortium faced considerable opposition from a group led by the club chairman, Doug Ellis, and purchase proposals presented by the chairman of nearby Walsall Football Club.

Dougan, the former Northern Ireland international striker, appears to have arrived relatively late with his rescue package.

Dougan, with the possible exception of Billy Wright, now with Central Television, is the club's most popular former player. He displayed considerable financial and marketing acumen when heading non-League Kettering Town immediately after his First Division playing days.

BUILDING ON A FIRM FOUNDATION.

With a professional building team like Willett operating under the umbrella of the Trafalgar House Group, the advantages are enormous.

On the one hand, you have the enthusiasm and flexibility of a builder dedicated to growth and success.

And on the other, you have the certain knowledge that your project will be constructed from a very solid base.

After all, Trafalgar's standing in the city is hardly a secret, and its comprehensive range of engineering and finishing skills, help to keep us right at the top of our profession.

But most of all, it's our talent for planning and organisation that makes clients like Barclays Bank, Whitbread and Grosvenor Estates come to Willett.

Because, from where we stand, we can see every aspect of building in total perspective. Without getting our head in the clouds.

Willett is building.
WILLETT LTD., MITCHAM HOUSE, 681 MITCHAM ROAD, CROYDON CR9 3AP. TEL: 01-889 2266.

CONTENTS

Appointments	18	Finance and Family	5	Money Markets	19	Travel	7
Arts	10	FT Acquires	20	Motoring	2	TV and Radio	10
Books Page	8	Foreign Exchanges	19	Overseas News	2	UK News	7
Bridge	6	Gardening	7	Property	6	General	3
Chess	6	Gold Markets	17	Racing	10	Labour	3
Collecting	17	How to spend it	9	Share information	22	Unemployment	2
Commodities	17	Int. Co. News	17	Sports	11	Authorised	19
Company News	14, 15	Leads	12	SE Week's deals	15	Others	21
Contracts	15	Letters	12	Stock Markets:		Weather	26
Correspondents	10	London	13	London	20	Your Savings	5
Economic Diary	15	London Optics	13	Wall Street	15	Wh. in the markets	4
Europe, Guide	10	Man in the News	24	Bourses	16	Rise Lending Rates	15
Euro, Optics	10	Mining	4			Building Soc. Rates	15

For latest Share Index phone 01-246 8026

OVERSEAS NEWS

U.S. seeks early end to steel row with EEC

BY GILES MERRITT IN BRUSSELS

ON THE eve of fresh talks that open in Brussels today concerning a global pact to settle the transatlantic steel row, U.S. officials have indicated a new political commitment among senior Cabinet members of the Reagan Administration to an early solution of the dispute.

The signals from Washington of a possible softening of the U.S. hard line on EEC steel exports followed the July 29 talks there between Mr Francis Pym, British Foreign Secretary, and Mr George Shultz, U.S. Secretary of State.

They precede the arrival in Brussels today of Mr Lionel Omer, the Number Two at the U.S. Commerce Department, for discussions with the EEC Industry Commissioner, Viscount Etienne Davignon.

The talks are intended to smooth the way for "final" negotiations in Washington next week between Mr Davignon and Mr Malcolm Baldrige, the U.S. Commerce Secretary.

But news of the U.S. Government's renewed concern over the need for a pact that would halt the dumping of anti-subsidies and anti-dumping procedures against European steel, and repair U.S.-EEC relations, yesterday failed to dispel the gloom in Brussels over the prospects for a deal.

The U.S. has now rejected the EEC's move to exclude pipes and tubes from an export restraint package that would otherwise cover all steel product categories.

European insistence that sales of pipes and tubes should not be cut not only reflects the EEC's rising share of that U.S. market, which went from 10.9 per cent last year to 14.4 per cent in the early months of 1982, but also the fact that U.S. steel-makers are themselves unable to satisfy demand.

Previous attempts by the European Commission to head off U.S. countervailing measures against allegedly subsidised EEC steel have all foundered on the same disagreement over whether pipes and tubes should be included.

A further difficulty that now risks preventing a settlement is the continued refusal by West Germany, the Netherlands and



Mr George Shultz

A United Steel Workers group yesterday rejected the beleaguered U.S. steel industry's request for concessions, AP reports from Pittsburgh.

The 633-member Basic Steel Industry Conference, which has the authority to change the current contract, unanimously followed the recommendation of the union president, Mr Lloyd McBride, that the industry's request for concessions be denied.

Luxembourg—the EEC states so far untouched by U.S. protective duties—to reduce their U.S. market shares in line with any overall EEC cutbacks.

The effect of these twin problems is the growing doubt inside the Brussels Commission over the chances of a global steel pact being agreed next week in time to meet the August 9 deadline.

This deadline would be needed to prevent a further 13 countervailing suits and 18 anti-dumping cases from being added to the U.S. measures already threatening some 60 per cent of the EEC's 6m-tonnes-a-year transatlantic steel trade.

But officials stress that some solutions must be found before the final determination on August 24 of the present preliminary countervailing duties of up to 40 per cent that are hitting British, French, Italian and Belgian steelmakers.

TRADE SURPLUS GROWS

Japanese jobless highest for 26 years

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN'S unemployment rate, although still low by Western standards, reached its highest level for 26 years in June with 2.45 per cent of the labour force out of work (on a seasonally adjusted basis).

The total number of unemployed was 1.37m, up 0.13 per cent from May but 8.7 per cent more than a year earlier.

The rise in unemployment reflects declining production levels, which in turn can be related to the sharp fall in Japanese exports that has occurred over the past few months.

The sectors of the economy in which employment has shrunk most seriously during the past year are construction (down 4.3 per cent from a year

ago) and manufacturing industry (down 0.3 per cent). Employment has been increasing in the service sector and in wholesale and retail trade, but not enough to make up for declines in other sectors.

The level of unemployment could rise further during the next few months, given the time lag between production trends and employment that is inherent to the Japanese economy. Another reason for pessimism is the sharp reduction in planned recruitment of new employees announced by many Japanese companies for 1983.

Japanese motor manufacturers are planning to hire up to 50 per cent fewer workers at the start of the 1983 "em-

ployment year" than they did in the current year. Cuts are also planned in other industries including steel, shipbuilding and electronics. An extreme example of employment cuts is Japan's loss-making national railways corporation, which hired 12,000 new workers in the spring of 1982, will recruit none in 1983.

The gloomy outlook for recruitment next year and structural changes in the labour market that have taken place in recent years mean that the unemployment level is the desirable minimum rather than the 1 to 1.5 per cent levels that were prevalent during Japan's high-growth era. Some forecasters believe that if the Japanese economy continues to stagnate as at

present the unemployment rate could climb steeply.

The Ministry of Finance also announced yesterday that Japan registered a \$7,574m (\$4,303m) trade surplus during the first half of 1982, slightly larger than that for the first six months of 1981.

The surplus for the 1982 first half, however, was much smaller than that for the second half of last year, when Japan's visible trade was in the black by \$13,073m.

The \$7,574m surplus resulted from lower levels of both imports and exports than had been recorded a year earlier. Japan's exports fell 3 per cent from last year's levels to \$70,23m while imports were down 4.4 per cent to \$62,65m.

The rate at which imports and exports have declined has tended to accelerate in the past few months.

In the month of June alone Japan's exports fell 7.3 per cent to \$11,877m while imports, at \$9,236m, were down 7.6 per cent. Exports have been falling because of slack demand for almost all major manufactured products in Western Europe and in other Far East markets. The decline in imports reflects the stagnation of the domestic economy.

The current account recorded a surplus of \$1,738m in June, up sharply from the May figure of \$76m. A major reason for the improvement was a reduction in the invisibles deficit from \$1,163m to \$638m.

Nice rocked by fresh scandal

By David White in Paris

THE CITY of Nice has had its self-respect rocked once again by the latest revelations from a fraud scandal reckoned to involve several millions of pounds of public money.

Charges of forgery and embezzlement were brought in Marseilles yesterday against nine people arrested in Nice since Tuesday.

The nine, accused of acting as stooges in dummy companies, comprise a well-connected restaurant owner, a bank manager, a local government employee, a tax official and five relatives of a senior tax inspector already charged with being at the centre of the operation.

Arrests in the case, which flared up in Marseilles and is now being labelled "the fraud of the decade," so far number 44, including 14 company directors and 22 municipal employees.

Large profits are thought to have been made over a period of several years out of supplies to local government bodies, mainly for medical equipment.

A chain of fake companies is alleged to have been set up just outside Nice (thanks to the good offices of a contact in the town hall), furnishing falsified invoices which produce tax benefits (thanks to intervention from the tax inspector), and passing its funds unnoticed through the Nice branch of a regional bank (thanks to the manager).

The profits are said to have been reinvested in property and in the hotel and restaurant business.

The case provides a curious link between two obscure and massive scandals which have unfolded recently in the south of France.

The alleged fraud network came to light almost by accident, when police were examining the records of the Marseilles health insurance office.

This followed the unexplained death in March of the office director, M René Escot, who had just been removed by the Government after a long battle with the Communist CGT trade union, and whose supposed suicide sparked off a political uproar.

The Nice connection adds to a series of affairs in that city, recently described by the novelist Graham Greene as "the privileged haunt of the most powerful criminal milieu in the south of France." Foremost among these affairs is the so-called "casino war."

Australian group in £1.4bn coal deal

BY MICHAEL THOMPSON-NOEL IN SYDNEY

MIM HOLDINGS, of Brisbane, one of Australia's biggest mining concerns, has announced 10 separate contracts for the export of steaming coal.

The contracts, estimated to be worth between A\$2.5bn and A\$2.8bn (£1,470m-£1,630m), and have done much to relieve the gloom in the Australian coal mining industry.

Mim has been careful to reduce reliance on Japan, which has recently reduced its orders for Australian coal in favour of rival suppliers, such as South Africa and North America.

The 10 new contracts, for up to 4m tonnes of steaming coal a year from the Newlands Mine in Central Queensland, cover

sales to Korea, Taiwan, Hong Kong, Europe and Pacific Basin countries, as well as Japan. The contracts are spread over a minimum of 15 years.

The sales total of A\$2.5bn to A\$2.8bn is based on current export steaming coal prices of A\$44-A\$47 a tonne.

Mim and its advisers are at present discussing a financing package of around A\$700m to cover development of the Newlands Mine, as well as the upgrading of its Collinsville Mine, north of Newlands, and construction of a railway, and new port at Abbot Point.

Deliveries from Newlands are due to start in early 1984. On current prices, the two mines,

Newlands and Collinsville, will eventually generate annual sales of more than A\$300m.

In addition, Mim has a 79 per cent stake in the Oaky Creek export coaling coal venture, in Central Queensland.

Exports from Newlands are due to start at around 500,000 tonnes a year, rising to 4m tonnes a year by 1989. Exports to Japan will account for about one-third of Newlands' output, while European buyers are expected to take a maximum of 600,000 tonnes a year, or 15 per cent of output.

Other shipments include Taiwan (500,000 tonnes a year), Korea (300,000 tonnes), and Hong Kong (250,000 tonnes).

Mr Bruce Watson, Mim's managing director, said the deals should prove the Newlands-Collinsville project a go-ahead concern, and said they vindicated Mim's investment and persistence.

"At Newlands," said Mr Watson, "we have a thick seam, a low overburden ratio, and a clean-washing coal with a high calorific value and a low ash content of 14 per cent."

Characteristics that meant the product could compete in any market in the world.

Under current plans, Mim intends boosting total coal production from about 1m tonnes to about 9m tonnes annually by the second half of the 1980s.

Countrywide emergency in Sri Lanka

COLOMBO—The Sri Lankan Government imposed a country-wide state of emergency yesterday and introduced Press censorship after communal violence in the southern city of Galle.

A Defence Ministry statement said the Government was declaring an emergency with immediate effect "to protect law-abiding people."

A 15-hour curfew was imposed earlier yesterday in Galle, where at least two people have been killed since Wednesday in clashes between Sinhalese and Moslems.

The Ministry statement announced 70 arrests and added that 65 people had been injured in the clashes. It also said there had been cases of arson and attacks on houses and shops.

Despite the state of emergency, meetings by recognised political parties were permitted, the statement added.

OAU remains split over Sahara issue

By Our Foreign Staff
AFTER FIVE days of negotiations the Organisation of African Unity (OAU) has failed to resolve a dispute over the status of Western Sahara which threatens to split the organisation and force the postponement of next week's heads of state summit in Tripoli.

The 51 member states have been divided over the recognition at an OAU ministerial meeting last February of the Sabara Arab Democratic Republic (SADR), proclaimed by Polisario guerrillas but rejected by Morocco, which controls the territory.

A meeting of foreign ministers in Tripoli was due to open on Monday, but failed to raise the question of 34. Prospects are receding for the heads of state session, due to begin on August 5, and some delegates have suggested a special summit on the Western Sahara to be held in Addis Ababa.

Zimbabwe still searching for six tourist hostages

BY OUR HARARE CORRESPONDENT

THE DEADLINE for the threatened execution of six foreign tourists held hostage by a gang of former guerrillas in Western Zimbabwe passed yesterday with the handiis still clinging 1,000 troops, aircraft and armoured cars.

Fears that three of the hostages had been killed were quashed when a senior Government spokesman officially denied reports which had circulated for several hours. "No graves and no bodies have been found," he said.

The reports began when a tribesman found with clothing which could have belonged to one of the hostages said he had taken part in the burial of three men. But under further questioning he was unable to indicate the site of the graves, said the spokesman.

In a separate incident, a police search had been mounted for three British tourists, missing for over two weeks in Eastern Zimbabwe. Civil engineer Richard Prankerd, his sister Nicola and a friend, Allison Jones, have not been since they left Harare on July 14 for a motorizing tour of the Inyanga mountains on the border with Mozambique.

There is no obvious connection with last weekend's abduction of six tourists in Western Zimbabwe. The area is a stronghold of the ruling ZANU-PF of Prime Minister Robert Mugabe.

A possible explanation is the presence of guerrillas of the Mozambique Resistance Movement (MRM) who operate across the border.

Last year the MRM kidnapped a British ecologist, John Burdison, working in Mozambique, and released him in the Inyanga district last May.

Irish cuts make clash with unions likely

BY BRENDAN KEENAN IN DUBLIN

A MAJOR clash between the Irish Government and the public service unions seems likely after the announcement yesterday of measures to save £120m (£96.7m) on government spending for the rest of this year.

The Government plans to save £245m of this by asking the public service unions to postpone until January a pay increase which falls due this autumn. This would save £27m this year.

The Government also intends to freeze special pay increases until the end of 1983. This should save £17m this year but

FOR the first time since the mid 1970s, Ireland's Industrial Development Authority (IDA) failed to record an increase in the number of new jobs approved. The figure of 33,730 jobs was marginally down on 1980's figure of over 35,000. Brendan Keenan writes. The IDA blames the

general recession and caution among investors as companies face declining markets. Nevertheless, the cost of job creation continued to rise with the planned investment agreed in 1981 amounting to £817m—a 16 per cent volume increase.

he saved by a mixture of increased receipts from the few profitable state industries and general belt-tightening and pruning by Government Departments. Cuts in food subsidies will save over £22m.

The object is to get the current budget deficit back to the target of £678m. It had been accepted that this had overrun, with unofficial estimates that it could reach £900m if no corrective measures were taken. The Government said it was still aiming to reach the target, as a result of yesterday's measure.

under which two out of three vacancies are left unfilled, will be extended at least to March 31 next, saving £11m. The remaining £175m is to

with many claims due to be paid on January 1, the savings next year could be over £100m. The present embargo on public servants' vacancies,

Vietnam completes promised troop withdrawal, says Thach

BY JONATHAN SHARP IN BANGKOK

THAILAND. Reactions ranged from a brusque dismissal by Singapore to a more sympathetic but hardly enthusiastic hearing from Thailand.

One problem with the issue of troop withdrawal is that Hanoi refuses to say how many of the estimated 180,000-strong occupation forces in Kampuchea have been pulled out. And, in any case Asean—the Association of South-East Asian Nations which groups Indonesia and the Philippines, along with Singapore, Malaysia and Thailand—is demanding a complete pull-out in accordance with UN resolutions.

Western diplomats in Hanoi say that Asean is right to be wary of the limited withdrawal. One senior envoy said the Vietnamese move had no military significance because it occurred during the current rainy season when military activity is of necessity curtailed. The diplomats also forecast that the troops would be replaced in Kampuchea once the rains were over later this year.

As part of the Ho Chi Minh City package, Hanoi said it would consider a further troop withdrawal if it received "a good response" from Thailand. By this it meant that Thailand, which hinders Kampuchean, should stop giving sanctuary to Kampuchean resistance groups

and cut off the mostly Chinese aid that, for geographic reasons, must come through Thailand. At yesterday's Press conference Thach made much of the fact that Mr Siddhi Savetsila, the Thai Foreign Minister, had described the initial withdrawal as "a good sign." But he added that the two countries did not get around to discussing a substantive Thai response to the withdrawal, so a second withdrawal is presumably still out of the question.

Asean has its understandable fears and grievances over Vietnamese domination of Indochina, but an even deeper conflict of interest exists between Vietnam and its neighbour, and former ally to the north, China.

Vietnam's stand, repeated by Thach here, is that Hanoi will pull out all its troops from Kampuchea if what is perceived as a threat from China is neutralised by the conclusion of a non-aggression pact between the Vietnamese and Chinese.

Why, asked Thach somewhat disingenuously, is China not willing to kiss and make up? The reason, as he knows full well, is that China is not prepared to give an inch to a country which it invaded in 1979 and which is regarded by Peking as a front for Soviet expansionism.

Thach's comments on the possibility of foreign bases in Vietnam, which the Soviet Union would dearly like to have, can hardly have persuaded the Chinese to be conciliatory.

An additional plank of the Ho Chi Minh City proposals was a call for an international conference on South-East Asia, attended by the Indonesians and Asean countries, the five permanent members of the UN Security Council, plus India.

Western diplomats in Hanoi regarded this idea as perhaps the most promising of all the proposals, especially as Vietnamese officials had indicated privately that Vietnam would be flexible on such questions as the agenda. The Vietnamese were quoted as saying that Hanoi might even relax its steadfast opposition to the Khmer Rouge by allowing it to attend as part of a Chinese dele-



Mr Thach (left) is welcomed by Mr Ghazali Shafie, Malaysian Foreign Minister, in Kuala Lumpur

gation. But Thach had little new to offer on the conference, beyond saying that it could only be held with "two hands clapping," meaning that prior agreement was needed among all participants on what the conference should do.

The timing of the Ho Chi Minh City initiative and Thach's tour to promote it was unfortunate because it followed closely on the unexpected formation of the Coalition Government of Kampuchea, resistance forces comprising the Khmer Rouge, Prince Norodom Sihanouk and Son Sann, the former premier. Asean backs the Coalition, and therefore could hardly be expected to be overly positive towards the proposals put forward by Thach, who has publicly dismissed the Coalition as a

farce.

Mitsubishi to export gold testing device

By Our Far East Editor in Tokyo

MITSUBISHI Electric is about to start exporting an ultra-sonic gold testing device which it says can be used by anyone after 15 minutes' training to determine whether a bar of gold is genuine or fake.

About 200 Mitsubishi gold testers have been sold to Japanese banks and securities companies since April when the device was placed on Japan's domestic market. Mitsubishi says the tester is completely foolproof and problem-free, and enables the "average person" to carry out a test which could previously only be performed by experts.

The gold tester is a simplified version of the ultra-sonic flaw detecting devices which Mitsubishi produces for industrial use. It consists of a probing device which is passed over the surface of a gold ingot, and a metal case weighing 7 kg with a display screen on one side. Information picked up by the probe appears on the screen in the form of waves, whose location indicates whether the gold is pure or impure.

The tester can be adjusted for use on 1 kg, 500 gm and 100 gm gold ingots. In the form in which Mitsubishi is now marketing it, the device can test ingots bearing the imprints of the five leading Western gold dealers.

Russian gold bars and Hong Kong "tael" bars can also be tested if a different "template" is fitted over the display screen to allow for variations in the more movements.

The Mitsubishi gold tester is being sold in Japan at a price of ¥1,322m (£2,751). Overseas prices have been fixed but Mitsubishi says it is already in touch with potential buyers in Hong Kong.

Russian gold bars and Hong Kong "tael" bars can also be tested if a different "template" is fitted over the display screen to allow for variations in the more movements.

The Mitsubishi gold tester is being sold in Japan at a price of ¥1,322m (£2,751). Overseas prices have been fixed but Mitsubishi says it is already in touch with potential buyers in Hong Kong.

Fall in EEC farm support spending

By Larry Klinger in Brussels

THE European Commission has confirmed officially that year-on-year agricultural support in 1982 is declining. In its financial report on agriculture expenditure for 1981, issued yesterday, the Commission said spending was around £8.2bn, a 3 per cent reduction on the previous year.

Further reductions are expected this year, with the Commission already offering the EEC member-states a £280m reallocation to other programmes and suggesting that the amount could eventually be twice or possibly even three times as much.

Last year's year-on-year reduction was the first since 1974, and officials cautioned against the projection of a trend based on the available figures and expectations for this year.

The "savings" were not only due to a slowing in the growth of surplus production in some products and more efficient market management, but were particularly the result of "unstable" factors such as higher world commodity prices.

In the allocation of agricultural funds for 1981, Britain was a markedly greater beneficiary, receiving 9.3 per cent of the funds against 7.9 per cent in the previous year.

France received 28.1 per cent against 25 per cent, Italy 18.9 (18.2), West Germany 18.3 (17.7), the Netherlands 10.5 (13.6), Denmark 4.6 (5.4), Belgium 4.5 (5.1), Ireland 4.0 (5.0), Greece 1.3 (0), and Luxembourg remained with around 1 per cent.

Lisbon plans to denationalise

By Our Lisbon Correspondent

THE PORTUGUESE Government has approved an ambitious programme to slim down the country's public sector and reverse the collectivisation of the economy pushed through in 1976. But it hopes to put some state-owned lands back in private hands immediately, having suffered a setback.

On Thursday the ruling Democratic Alliance failed to muster the necessary parliamentary majority to alter a clause of the constitution that guarantees the "irreversibility of the nationalisations" of 1976.

The Government will only present the necessary legislation for carrying out the programme once the new constitutional system comes into force as scheduled this autumn.

Mr Francisco Pinto Balsemão, the Prime Minister, said some public sector companies would be placed under private management and some closed, like the state news agency Anop. Emergency measures are also to be taken to restructure public transport, which is running at a heavy loss.

FINANCIAL TIMES, published daily, Sundays and holidays. 115, Second Class postage paid at New York, N.Y., and at additional mailing offices.

FINANCIAL TIMES FILM SERVICE

20 prints for £2.25

Send your Kodacolor II 110, 126 & 35mm films and we can guarantee you:

TOP QUALITY All prints will be borderless, round cornered and hi-definition sheen.

FAST SERVICE On receipt of the films at the laboratory, we guarantee that Kodacolor II 110, 126 & 35mm films will be processed in 48 hours.

Please allow for variations in the postal service and the fact that there is no weekend working in the laboratory. Films should be returned in approximately 7-10 days.

Other film makes and reprints can be processed but are not covered by the 48 hour guarantee and so take longer. Reprint prices are available on request. We do not accept C22, sub miniature, Minolta or black and white film.

COMPETITIVE PRICE Developing, postage and packing at £0.85p per film plus a printing charge of £0.07p per print.

Table with 3 columns: No. of exposures, FTPS Price, and values for 12, 20, 24, 36 exposures.

Prints are returned by first class post to your home, and full credit is given for negatives that are not technically printable.

Complete the coupon below and post to: Financial Times Film Service, PO Box 45, Taplow, Maidenhead, Berks SL6 0AQ. Telephone 0628 70539.

Note: While the utmost care is exercised to ensure the safety of films delivered, we regret that no liability can be accepted for any losses resulting from the loss of or damage to any films.

KODACOLOR II 110, 126 & 35mm FILM Please enclose cheque made payable to "Financial Times Film Service" and post with film and coupon to: Financial Times Film Service, PO Box 45, Taplow, Maidenhead, Berks SL6 0AQ.

NAME ADDRESS

This offer is only applicable to readers of the Financial Times within the U.K. We process on the basis that the film value does not exceed material cost and our liability is therefore limited to that amount. Offer valid to 31.12.82. Minimum charge 85p. Registered in England No. 1027280

Handwritten text at the bottom of the page.

UK NEWS

LABOUR NEWS

Mercury to seek government customers

By Guy de Jonquieres
MERCURY, the privately-financed communications consortium, said yesterday it hoped to sign up several government departments as well as private companies for its planned service, due to start operating in London next spring.

The group indicated it would not undercut by much the tariffs charged by British Telecom (BT), with which it will compete for business customers. But it aimed to offer a more reliable, higher quality service and faster subscriber connection.

Mercury, which is backed by Cable and Wireless, British Petroleum and Barclays Merchant Bank, plans to install a trans-Atlantic link via satellite by next autumn. It will beam transmissions through its own earth station, to be built over London.

Mercury still has to agree the terms under which its customers will be allowed to dial into BT's domestic telecommunications network. It expects negotiations with BT to be completed soon.

The consortium said it was talking to more than 25 large organisations, which it did not name, about supplying its service. It had signed no contracts so far, but expected that most of them would become customers.

Mercury was confident of fulfilling some of the Government's communications needs. The first phase of the Mercury service will be restricted to London. It will use microwave radio to carry digital voice and computer data communications. The service will be extended soon afterwards to Coventry, Birmingham and Manchester.

The consortium has ordered most of its microwave radio from Italian and American companies. It said British manufacturers could not supply the technically advanced equipment which it needed.

Mercury is the only independent telecommunications system to have been licensed since the Government began dismantling BT's monopoly over equipment and services last October. The licence was granted in February after several months of acrimonious disputes with BT.

The consortium had sought originally guarantees of complete freedom to inter-connect with BT's domestic network and to compete with BT internationally before accepting the licence. These were refused, but Mercury's planned trans-Atlantic satellite link will allow it an independent "gateway" to North America.

Rift in Anglo-Irish links grows

BY BRENDAN KEENAN IN DUBLIN

THE RIFT in Anglo-Irish relations over Ireland's policy in the Falklands crisis has opened an equally bitter division between Mr Charles Haughey, the Irish Prime Minister, and Dr Garret FitzGerald, the Opposition leader.

An exchange of statements followed news that the British Government told the Irish Ambassador to London the UK saw no need to consult the Irish on matters affecting Northern Ireland. A senior political commentator likened the exchange to the days of the Irish civil war.

Dr Eamon Kennedy, the Ambassador, reported to the Government on his meeting with Mr Douglas Hurd, Minister of State, Foreign Office, because

afterwards a statement from Mr Haughey's office not only took issue with the British view but accused Dr FitzGerald of taking sides with Britain.

Dr FitzGerald had said Mr Haughey was to blame for the inter-government row, which, he said, had set back relations between the two countries by a decade.

The row worsened with Mr Haughey's accusation that Dr FitzGerald had acted at the suggestion of a British Minister in tabling a Dail motion to establish an inter-parliamentary body to represent Westminster, the Dail and the proosed Northern Ireland Assembly.

"fortunately rare in Irish politics." This is being watched with dismay from north of the border by the Social Democratic and Labour Party, the main nationalist party, which had hoped for a united approach from Dublin to assert the republic's role in Northern Ireland developments.

Instead the latent hostility between the two Irish leaders surfaced with repercussions which could affect domestic Irish politics. Many believe a national consensus is needed to deal with the country's economic problems.

British officials have been trying to smooth things over by stressing the distinction between constitutional and institutional arrangements. Political

leaders on both sides of the Irish Sea seem for the moment not to be interested in distinctions. John Hunt writes: There were indications yesterday that the British Government wants to maintain close contact with the Irish Republic in spite of recent strains.

Mr Patrick Mayhew, Minister of State, Home Office, said the Attorney-General, Sir Michael Havers, had been having talks with his Irish opposite number about tightening up extradition laws in the Republic.

Common exchanges show channels between the two governments are still very much open in spite of the cooling in recent weeks.

Civil servants in merger talks

BY OUR LABOUR CORRESPONDENT

MERGER TALKS are taking place between the two largest unions in the Civil Service, the Civil and Public Services Association and the Society of Civil and Public Servants.

Two rounds of talks have taken place between senior officials of the two unions on possible steps towards a merger after both unions' annual conferences passed resolutions seeking amalgamation with other unions.

Previous merger attempts have failed because of resistance from the union's members. The SCPS represents executive grade staff, and the CPSA represents mainly clerical workers.

This year a draft statement of intent on closer working relations. It has been suggested that the two unions would make no firm decisions until 1984, with the intention that any merger should become effective in 1985.

The united union would have about 320,000 members. Moves towards a merger between two other Civil Service unions, the Institution of Professional Civil Servants and the small Association of Government Supervisors and Radio Officers are well advanced, and agreement in principle has been reached.

Leaders of all nine Civil Service unions will meet next week to try to draw up a preliminary response to the findings of the Megaw inquiry into a new system of pay determination for Britain's 530,000 white-collar civil servants.

N. Ireland assembly pay set at £8,700

BY ELINOR GOODMAN

MEMBERS of the new Northern Ireland Assembly are to be paid £8,700 a year, the Government announced yesterday. The members, to be elected on October 30, will also be entitled, like members of previous Northern Ireland assemblies, to secretarial and travel allowances.

The salary is three-fifths of that paid to members of the House of Commons. The difference is supposed to take account of the fact that, although the Commons sits for five days a week, the new Assembly will only sit for three.

The all-party Home Affairs Committee of the Commons is to get involved in the controversy over whether Irish citizens should be allowed to vote in British elections. The committee is to carry out a review of the Representation of the People Act. As part of the review, it will look at both the voting rights of British citizens who live abroad, and at the rights of non-British citizens to vote in the UK.

It will also look at other matters, such as the size of deposits and the limit on candidates' expenses. All the main political parties believe the limits should be changed to take account of inflation since 1949, when the Act was passed.

The aim is to produce a report soon after Christmas, to enable the Government to enact measures before an October election, if the committee's recommendations were accepted.

Electricity staff agree pay increase

BY OUR LABOUR STAFF

LEADERS of the National and Local Government Officers' Association, representing about 40,000 clerical and administrative workers in the electricity supply industry accepted pay increases yesterday worth between 7.2 and 7.6 per cent.

A delegate conference of the union, which is dominant among these grades in the industry, approved overwhelmingly an offer to the administrative staff side by the Electricity Council on July 13.

As well as increases in basic rates, the offer improves shift and unsocial hours allowances, and makes minor improvements in holiday entitlements. Examples are that it will take sales staff at the top of their scale from £3,171 to £3,129 (7.2 per cent); clerical staff from £3,808 to £3,226 (7.2 per cent); supervisory staff from £7,403 to £7,936 (7.2 per cent) and higher-grade professional and administrative staff at the top of their scales from £11,720 to £12,599 (7.5 per cent).

The Nalco acceptance will go to an early meeting of the relevant national joint council for ratification. The union's original claim was for rises in line with inflation, which was put at about 12 per cent.

Mr Dave Prentis, Nalco national officer for electricity supply, said: "Nalco members in the industry considered this to be an acceptable offer in the circumstances. We would have liked to have achieved an increase more in line with the original claim, but decided it would be better to accept the offer that has been made."

TUC rail role praised by Weighell

BY OUR LABOUR CORRESPONDENT

REINFORCED support for the TUC's successful efforts to end the train drivers' strike came yesterday from Mr Sid Weighell, general secretary of British Rail's largest union, the National Union of Railwaymen.

Mr Weighell said the "back-to-work directive" of the TUC Finance and General Purposes Committee to the Associated Society of Locomotive Engineers and Firemen "lifted the railway industry out of a bottomless pit."

Writing in the union journal Mr Weighell said Aslef's strike over flexible rostering was "mounted on the wrong issue, at the wrong time. All the huffing and puffing to the contrary is humbug."

His criticism will increase further the tensions between the NUR and Aslef, which surfaced most forcibly in a personal attack on Mr Weighell by Mr Ray Buckton, Aslef general secretary, when the union accepted the TUC proposals.

The vital question for all railway workers was put by Mr Weighell: "We must face the real challenge to our industry's survival, and we won't achieve that by offering our heads to the chopping block. We have to keep our nerve, keep up the pressure for investment without which our railway, and countless jobs, will melt away into obscurity. If this was not done, we will plunge over the edge and wreck any real chance of recovery. The priority is obvious for those who want to see."

Restricted comparability sought for nurses' pay

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE GOVERNMENT is pressing for a severely restricted form of comparability with outside pay in the current talks with health service unions on long-term arrangements for nurses' wages.

The working party on pay arrangements for the 480,000 nurses in Britain is progressing slowly, though indications of its outcome might influence nurses' resolve to stay in the current industrial action over pay in the National Health Service.

The Government acknowledged at a meeting of the joint working party this week that in its original confidential paper to outline the options for comparability arrangements, it might have taken too hard a line in apparently ruling out most of the main ways to compare. It is still looking most closely at the basket-of-analogues method. Both union and management sides have submitted to the working party proposals of suitable analogues, or outside comparators.

The range of outside comparators chosen can be crucial in determining the overall shape of comparability findings. However, the Government is pressing strongly for any comparisons reached to be based on outside pay trends as disclosed annually, rather than on specific rates of pay in particular jobs.

This more restricted method of comparison would allow market forces to apply more directly to nurses' pay and would, the Government believes, allow for greater flexibility. It is a central proposal of the Megaw inquiry into civil servants' pay. The Department of Health and Social Security has already admitted that the Megaw findings will influence the conclusions of the working party on nurses' pay.

However, union leaders argued at the working party meeting this week that the Government was planning too much reliance on the Megaw report.

Management shake-up at British Airways goes on

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE SHAKE-UP of top management at British Airways is continuing. Mr Gerry Draper, recently appointed managing director of the new international (long-haul) services division is to leave the airline at the end of the year.

Motorists will be exempt from car import rules

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A SCHEME to make it easier for UK motorists to buy British cars more cheaply on the Continent will go ahead in spite of strong opposition from car makers and traders.

Inquest to be held into Saudi death of nurse

AN INQUEST into the death of Helen Smith, a British nurse who died three years ago at a party in Saudi Arabia, was ordered yesterday by the Court of Appeal in London.

The decision means that assertions that she was murdered, and was not the victim of an accident, might be tested for the first time in public in Britain.

Mr Ron Smith, her father, has alleged a cover-up of what happened at the party. He has campaigned intensively for an inquest.

By a two-to-one majority, the Appeal judges ruled that Mr Philip Gill, the West Yorkshire coroner, has the power to hold an inquest and must use it. Lord Laoe, the Lord Chief Justice, and Lord Justice Donaldson overturned a High Court ruling that coroners had no power to investigate the death of a British subject abroad, even though the body had been brought to a place within their jurisdiction.

The presence of a body within a coroner's area of jurisdiction was enough to raise the possibility of an inquest. An obligation to investigate arose if the death appeared unnatural, said Lord Lane. Miss Smith's body is in West Yorkshire.

Legal profession says farewell to 'living legend'

BY REYNOLD HUGHES, LAW COURTS CORRESPONDENT

THE LEGAL profession said farewell to a living legend at the Royal Courts of Justice yesterday.

Lord Hailsham, the Lord Chancellor, 30 or 40 judges, more than 100 barristers and dozens of court officials and staff crammed into the Lord Chief Justice's Court to pay tribute to Lord Denning on his retirement after 20 years as Master of the Rolls.

In an unprecedented demonstration of affection and respect for Britain's most famous and controversial judge, many people, including eminent Queen's Counsel, queued outside the court for up to an hour to be sure of getting a seat.

Lord Hailsham said Lord Denning was not only a legend in his own lifetime, but "a golden legend," to whom the law owed a vast debt for his deep learning, powerful legal intellect and telling and pungent English style.

We shall miss your passion for justice, your independence and quality of thought, your liberal mind, your geniality, your unflinching courtesy, your unflagging and effervescent enthusiasm.

Lord Denning, visibly moved by the tributes from all branches of the legal profession, said that, like Oliver Cromwell, he had "many roughnesses, warts and pimples."

Asbestos to be licensed

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A SYSTEM to licence asbestos insulation and coating work is to be set up, Mr David Waddington, Employment Under-Secretary, said yesterday in a Commons written reply. He said the Government wanted to wait until two EEC directives were completed before implementing the far-reaching recommendations of Health and Safety Commission reports on asbestos.

The commission, however, decided on action without waiting for Brussels' agreement. Rules would be prepared as soon as possible.

Call for banking fund rejected

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

BRITAIN is in a much sounder position than its competitors to face the problems caused by high U.S. interest rates and the strain on the international banking system, Mr Jack Bruce-Gardyne, Economics Secretary to the Treasury, told the Commons yesterday.

He rejected suggestions from Mr John Birt, Conservative MP for Winchester, for stronger international regulation of banking and for an international fund to meet any major bank involvements.

Mr Bruce-Gardyne shared the concern about the size of the U.S. Federal deficit and said that Sir Geoffrey Howe, Chancellor of the Exchequer, had voiced anxieties about its effect on recovery in the industrialised and developing countries.

Delays in Illingworth hearing attacked

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

LEGAL delay was causing uncertainty about the future ownership of Illingworth Morris, the world largest textile company, the High Court was told yesterday.

And delays in bringing the case to court had been costly for Abele, the Isle of Man company trying to gain control of Illingworth, said Miss Catherine Newman, for Abele.

A requirement by the takeover panel that the company should put aside sufficient money to enable it to bid for the whole of Illingworth once it got a controlling interest was costing Abele about £1,000 a week.

In addition, the company estimated that the interest on unpaid capital gains tax on the estate of the late Isador Ostrer, a co-founder of Illingworth, was accruing at the rate of £150 a day.

Abele urged the court to fix an early date, if possible before Christmas, for the hearing of its claim against the judicial trustees appointed by the court administrator the Ostrer estate in place of Mrs Pamela Mason.

The company seeks a declaration that the trustee, Mr Gordon McAllister, a London chartered accountant, is bound by an agreement made by Mrs Mason last October. The agreement granted Abele an option to buy the Ostrer estate's dominant holding in Lohrbury Investment Corporation and LOG Trust which, between them, hold 27 per cent of Illingworth.

Mr McAllister contends that he is not bound because Mrs Mason entered into the agreement in breach of her duty as her father's executor.

The court rejected Abele's plea earlier this week that McAllister was bound, irrespective of whether Mrs Mason acted in breach of duty.

Mr David Oliver, for Mr McAllister, said yesterday that his case would not be ready for trial before January.

Mr Justice Foster said July 11 1982, was the earliest free date in the court's lists, but the case could be heard earlier if a vacancy appeared from January onwards.

Abele has already acquired 19 per cent of Illingworth's voting shares from Mrs Mason. Acquisition of the Lohrbury and LOG holdings would give Abele control with 46 per cent of the voting shares, because of the structure of Illingworth's shareholding.

Management shake-up at British Airways goes on

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE SHAKE-UP of top management at British Airways is continuing. Mr Gerry Draper, recently appointed managing director of the new international (long-haul) services division is to leave the airline at the end of the year.

His duties will be taken over at the end of next month by Mr Osny Cochrane, general manager of Western routes, including the North Atlantic.

Mr Draper's abrupt departure will surprise many in the airline industry. British European Airways (eventually merged with BOAC to form BA) in 1964. He is a Government-appointed member of the airline's board, on which his term of office ends this year.

Delays in Illingworth hearing attacked

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

LEGAL delay was causing uncertainty about the future ownership of Illingworth Morris, the world largest textile company, the High Court was told yesterday.

And delays in bringing the case to court had been costly for Abele, the Isle of Man company trying to gain control of Illingworth, said Miss Catherine Newman, for Abele.

A requirement by the takeover panel that the company should put aside sufficient money to enable it to bid for the whole of Illingworth once it got a controlling interest was costing Abele about £1,000 a week.

In addition, the company estimated that the interest on unpaid capital gains tax on the estate of the late Isador Ostrer, a co-founder of Illingworth, was accruing at the rate of £150 a day.

Abele urged the court to fix an early date, if possible before Christmas, for the hearing of its claim against the judicial trustees appointed by the court administrator the Ostrer estate in place of Mrs Pamela Mason.

The company seeks a declaration that the trustee, Mr Gordon McAllister, a London chartered accountant, is bound by an agreement made by Mrs Mason last October. The agreement granted Abele an option to buy the Ostrer estate's dominant holding in Lohrbury Investment Corporation and LOG Trust which, between them, hold 27 per cent of Illingworth.

Mr McAllister contends that he is not bound because Mrs Mason entered into the agreement in breach of her duty as

ber father's executor. The court rejected Abele's plea earlier this week that McAllister was bound, irrespective of whether Mrs Mason acted in breach of duty.

Mr David Oliver, for Mr McAllister, said yesterday that his case would not be ready for trial before January.

Mr Justice Foster said July 11 1982, was the earliest free date in the court's lists, but the case could be heard earlier if a vacancy appeared from January onwards.

Abele has already acquired 19 per cent of Illingworth's voting shares from Mrs Mason. Acquisition of the Lohrbury and LOG holdings would give Abele control with 46 per cent of the voting shares, because of the structure of Illingworth's shareholding.

Future uncertain for International Harvester's European workforce

EMPLOYEES at more than a dozen plants scattered throughout Europe yesterday contemplated the uncertainties about their future raised by International Harvester's drastic survival plan.

The plan unveiled on Thursday by the U.S. maker of farm tractors, construction equipment and trucks marks the final collapse of its strategy to become a major pan-European truck maker to rival Daimler-Benz of West Germany and Iveco of Italy.

In an 11th hour attempt to save IH, which has warned it could lose \$1bn (£577m) this year. Whether it succeeds will depend on whether nearly 200 U.S. and foreign banks are prepared to take a stake of at least \$400m in the company.

The plan envisages truck manufacture being confined to North America and engines to the U.S. and West Germany. Agricultural equipment would still be made in the UK, France and West Germany, but the construction equipment business

would be sold.

In the UK, the effects will be felt primarily at Oldham, the base of Seddon Atkinson, IH's wholly owned truck-making subsidiary. The company's future was said on Thursday to be "under study" as part of the restructuring plan, but a spokesman at IH's European headquarters in Paris said yesterday it was expected to be sold.

Seddon itself put out a statement last night saying that there was "no intention" of closing down the plant, which employs 1,000 workers. "There is a possibility of a joint venture, or even a takeover."

However, the company gave no indication as to whether talks with another manufacturer were actually in progress. It is a difficult time to find a buyer for the European truck market which is in deep recession, with considerable overcapacity. Seddon, whose workforce

has been halved since the start of 1981, has only indirect links with other European makers.

International Harvester recently signed an agreement under which light Iveco commercials would be sold through IH in the U.S. And in 1980 IH increased to 37.5 per cent its stake in DAF the Dutch truck maker.

However, relations between IH and DAF have not been good, and IH indicated yesterday that the DAF stake would probably be sold to raise money.

In May, IH abandoned its plans for direct involvement in Enasa, Spain's state-owned truck producer. The main vehicle for its plans to invest about \$200m to establish its presence in the European truck market.

The largest NK plant, in employment terms, is at Doncaster where International Harvester UK builds farm tractors and other agricultural equipment.

IH is the third largest such manufacturer in Britain. This subsidiary lost £12m in 1980 compared with a £3.3m profit in 1979. Last year's results have not yet been reported.

The survival plan calls for Doncaster's 2,500 work force to continue production and an equity infusion of £7m is being sought for through a consortium of 13 banks. Talks have been going on for nine months, and in spite of Thursday's announcement, IH said yesterday they were continuing.

IH announced a few weeks ago that it was closing its third UK plant, an agricultural components factory at Bradford, with the loss of 50 jobs. IH's French subsidiary—its most important base in Europe—has already drawn up cut-back plans under an agreement reached with the Paris authorities and banks in June. The agreement involves a total

injection of some FF 450m (£37.9m) into the French operation, including fresh capital from the parent company and loans from Credit National, the French state lending institution, and from French and U.S. commercial banks.

The French operations consist of a tractor plant at St-Dizier in eastern France, a factory at Croix which makes farm implements and conventional combine harvesters, and a new site at Angers where the company is starting production of "axle flow" combines. This plant is due to come into full production in the autumn.

Total employment in France is about 4,500, principally at St-Dizier. This is due to be cut to 3,500 before the end of the year through early retirement and voluntary redundancy. The company expects to make a further loss this year, after a

1981 deficit of FF 80m on sales of just over FF 2bn. At stake in the survival plan is also IH's West German subsidiary, Interatlonal Harvester Company, which employs over 4,000 people at two plants and is the market leader for tractors in the Federal Republic.

The German concern, which was founded in 1908, is a separate legal entity, although its DM 175m (£40.9m) capital is wholly owned by the Chicago parent. A plant at Neuss, near Dusseldorf, manufactures tractors and diesel engines, and a small foundry at Heidelberg makes construction equipment.

The Neuss headquarters said that it had received no details of the survival plan, but it appears that the Neuss plant is to be maintained. However, it is believed that there are plans to sell off the Heidelberg plant, which has been struggling

since the takeover. The German concern, which was founded in 1908, is a separate legal entity, although its DM 175m (£40.9m) capital is wholly owned by the Chicago parent. A plant at Neuss, near Dusseldorf, manufactures tractors and diesel engines, and a small foundry at Heidelberg makes construction equipment.

The Neuss headquarters said that it had received no details of the survival plan, but it appears that the Neuss plant is to be maintained. However, it is believed that there are plans to sell off the Heidelberg plant, which has been struggling since the takeover.

Restricted comparability sought for nurses' pay

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE GOVERNMENT is pressing for a severely restricted form of comparability with outside pay in the current talks with health service unions on long-term arrangements for nurses' wages.

The working party on pay arrangements for the 480,000 nurses in Britain is progressing slowly, though indications of its outcome might influence nurses' resolve to stay in the current industrial action over pay in the National Health Service.

The Government acknowledged at a meeting of the joint working party this week that in its original confidential paper to outline the options for comparability arrangements, it might have taken too hard a line in apparently ruling out most of the main ways to compare. It is still looking most closely at the basket-of-analogues method. Both union and management sides have submitted to the working party proposals of suitable analogues, or outside comparators.

The range of outside comparators chosen can be crucial in determining the overall shape of comparability findings. However, the Government is pressing strongly for any comparisons reached to be based on outside pay trends as disclosed annually, rather than on specific rates of pay in particular jobs.

This more restricted method of comparison would allow market forces to apply more directly to nurses' pay and would, the Government believes, allow for greater flexibility. It is a central proposal of the Megaw inquiry into civil servants' pay. The Department of Health and Social Security has already admitted that the Megaw findings will influence the conclusions of the working party on nurses' pay.

However, union leaders argued at the working party meeting this week that the Government was planning too much reliance on the Megaw report.

Management shake-up at British Airways goes on

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE SHAKE-UP of top management at British Airways is continuing. Mr Gerry Draper, recently appointed managing director of the new international (long-haul) services division is to leave the airline at the end of the year.

His duties will be taken over at the end of next month by Mr Osny Cochrane, general manager of Western routes, including the North Atlantic.

Mr Draper's abrupt departure will surprise many in the airline industry. British European Airways (eventually merged with BOAC to form BA) in 1964. He is a Government-appointed member of the airline's board, on which his term of office ends this year.

Delays in Illingworth hearing attacked

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

LEGAL delay was causing uncertainty about the future ownership of Illingworth Morris, the world largest textile company, the High Court was told yesterday.

And delays in bringing the case to court had been costly for Abele, the Isle of Man company trying to gain control of Illingworth, said Miss Catherine Newman, for Abele.

A requirement by the takeover panel that the company should put aside sufficient money to enable it to bid for the whole of Illingworth once it got a controlling interest was costing Abele about £1,000 a week.

In addition, the company estimated that the interest on unpaid capital gains tax on the estate of the late Isador Ostrer, a co-founder of Illingworth, was accruing at the rate of £150 a day.

Call for banking fund rejected

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

BRITAIN is in a much sounder position than its competitors to face the problems caused by high U.S. interest rates and the strain on the international banking system, Mr Jack Bruce-Gardyne, Economics Secretary to the Treasury, told the Commons yesterday.

He rejected suggestions from Mr John Birt, Conservative MP for Winchester, for stronger international regulation of banking and for an international fund to meet any major bank involvements.

Mr Bruce-Gardyne shared the concern about the size of the U.S. Federal deficit and said that Sir Geoffrey Howe, Chancellor of the Exchequer, had voiced anxieties about its effect on recovery in the industrialised and developing countries.

Motorists will be exempt from car import rules

THE WEEK IN THE MARKETS

New look but no brighter index

The market spent much of the week in a determinedly pessimistic mood. Removal of hire purchase controls and justified hopes of further cuts in the clearing banks' base rates were the only counter to the trend.

Concern about engineering, stimulated by an article in the Financial Times, was heightened by rumours of an imminent major company failure in the sector and talk of a further dip into recession. Eyes focused on FT which had to issue a denial before the storm could be contained.

The FT 30-Share Index, already in decline, took a 14 point fall at one stage on Tuesday before finishing 11.8 down on the day.

Heading the setback was Turner & Newall still suffering from a bout of asbestos. It rallied following the company's television reply to the previous week's critical documentary, but, with its share price halved since the results in March, its days as a founder constituent of the FT 30-Share Index were at an end.

In order to make the index more representative of industrial shares T & N, along with John Brown, were replaced by BTR and BICC. Base line adjustments ensured the transition had no immediate effect but the move showed no signs of having changed the course of history as the index continued to fall another 5.5 points on Thursday.

LONDON ONLOOKER

By week's end an uneasy calm had settled on a market that had lost direction amid an array of conflicting indicators. The banks did not help by appearing bent on disappointing hopes of lower interest rates until almost the last moment. At last the half-point cuts were announced yesterday afternoon, but the index finished 21.7 points down on the week.

The mid scene, a source of some bright spots in recent weeks, could offer nothing new, but Lookers did finally succeed in driving away with Braid.

Elsewhere Trident Television's game with the Playboy Casino failed on appeal for licence renewal and Glaxo was still looking for someone to say something decisively nice about its anti-ulcer drug Zantac.

Bad mix for ICI

Only a couple of months ago analysts of ICI were still churning out calculations pointing to a pre-tax total for the year of almost £400m. But the share price, which had touched 350p at the beginning of the year, was already beginning to say otherwise.

In the last month its downward slide gathered speed as

it became clearer that things were not going ICI's way. This week's second quarter figures effectively ended any hopes of dividend restoration this year, and forecasts have rattled their way down to £350m, or below. At 290p yesterday, the historic yield of almost 16 per cent was the share's most tangible support.

Pre-tax profits for the second quarter of £55m are the same as in 1981, when ICI was only just working itself out of the loss-making stretch endured in the latter half of 1980.

Rationalisation benefits have been at least balanced by the sales state of the bulk chemicals market, in petrochemicals prices have been soft, and volume stats. The six month loss in ICI's petrochemical division is little short of the £54m loss for the whole of 1981. The market for heavy chemicals was described by the group as "a bloodbath", but withdrawal from petrochemicals and plastics—without which the business would appear much stronger—was not a realistic option.

Part of the heavy chemical damage has been recouped by improved results in fibres and organics. Losses in those divisions were reduced in the first half from about £30m to £10m as they are running in the black for a month or two earlier in the year, disappointment is the more acute. But pharmaceuticals have continued to do well, and earnings here may be £10m

higher. Although oil volume has picked up, PRT liability on the Nisina field has kept the second-quarter contribution down to £17m, and the annual total is likely to be short of that for 1981.

An expansion in UK volume of 24 per cent over the last year still leaves second quarter output 15 per cent lower than it was in 1979, and volume growth outside Europe is now slowing down. But with a cash outflow of less than £50m in the last six months, ICI's finances are steady enough.

Sugar dissolves

British Sugar has just one shot left in its locker if it is to pursue its seemingly endless battle against S and W. Berisford, and this shot is fairly small more at that.

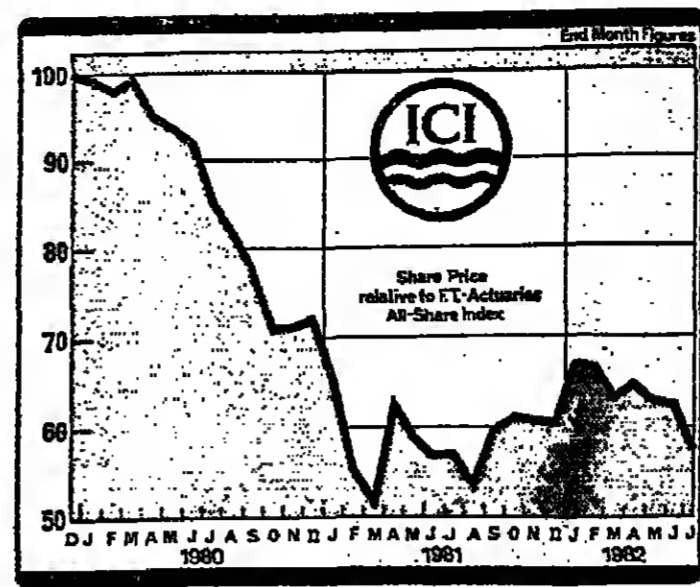
Berisford has finally overcome the last remaining obstacle in its path to control the sugar beet producer. The Office of Fair Trading has given the proposed £222m takeover a clean bill of health, the EEC Commissioners have told the European Court of Justice that British Sugar cannot mount a worldwide case and Bank of Scotland's stake in British Sugar now gives Berisford majority control.

The most that British Sugar can hope for now is a higher offer. Berisford has bid 470p in cash and added a partial equity alternative. Its terms compare with British Sugar's assets of 540p per share on an historic basis—or well over 200p per share more on current cost valuations—a forecast net dividend of 45p per share and projected earnings this year of 87p per share.

The offer remains open until August 19 which is 14 days after the expiry date and there is no reason for British Sugar holders to rush to beat that deadline. Every additional 10p per share would increase the total value of British Sugar by only 56p against the price of almost £160m for the shares Berisford does not already own.

In the intervening period the defence will argue very strongly, as it has at every stage of this exhausting campaign, that the beet sugar producer is sharply undervalued by Berisford's terms. The prospects of more cash for private shareholders, who own perhaps 15 per cent of the equity, will stand or fall on the willingness of the big institutional shareholders to engage in this last, rearguard, action.

British Sugar very much hopes that they can be stirred to demand better terms. Beris-



NatWest disappoints

The City's banking analysts swung their bats high this week in anticipation of a fast £250m profits delivery from Robin Leigh-Pemberton. National Westminster's cricketer chairman, instead he laboured in with a sluggish £214m.

Cleanly bowled, the hrokers took the long walk back to the pavilion. Their only consolation was that an unexpected hump on the wicket, in the shape of a mighty jump in bad and doubtful debt provisions, had led to their downfall. Everything else was pretty much as they had expected.

Sadly many of them were unwittingly heading towards another equally disastrous innings yesterday with the Midland Bank results.

NatWest's pre-tax profits in the six months to June 30 were 8.6 per cent above the £197m of the first half of 1981. But the analysts had been encouraged to aim for something better following the sharp rise to nearly £300m in the six months to last December.

Volatile bad debt provisions explain much of this yo-yo performance. The latest figures are struck after a £78m charge against just £45m in the comparable period and a £3m credit, thanks to a bunching of recoveries from previous years, during the intervening six months.

Yat, as large as these latest provisions may be, they are not out of line with recent experience allowing for the substantial increase in the level of business. Moreover, averaging out the provisions of the last three half years shows no underlying change in the rate of profitability during the most recent of the two periods and a 25 per cent advance over the first half of 1981—not a bad performance.

Nevertheless, sight of the interim figures had the market quickly downgrading forecasts for the full year. The second half debt provision should be less vicious than that of the first but still profits could come out lower than last year. Something around £470m is now the target for 1982, a slip of 5 per cent. Still, there are hopes that NatWest might feel able to do something a bit better with its final dividend than the interim rise of 10 per cent.

Tastier HP

Apart from the finance houses the main effects of the lifting of hire purchase restrictions are expected to be felt on cars, on which repayment restrictions were the most onerous. This was reflected in the stock market where motor distributors such as Henrys, Hartwells and Lookers showed some useful gains after the change was announced though later profit taking reduced the impact.

Lex Service, already trading near its 1982 high when the news came, did not fare so well but it had a surprise up its sleeve in its interim report two days later. This showed that without the HP stimulus its UK Volvo concessionaire—almost all of the 60 per cent pre-tax rise from £61m to £10.6m in the first half of this year.

A fit of the blues

NEW YORK PAUL BETTS

THERE IS nothing quite like the wisdom of Salomon (sic) to give the market a fit of the blues. And true to its bearish form, the venerable investment house of Salomon Brothers came out this week with its summary of the performance of Wall Street investments in past months. Its conclusion was that negative stocks, office again negative last among some 80 investment categories monitored by Salomons.

For the second consecutive quarter, preferred stocks and municipal bonds topped in the best performance for investors. Salomons said. As for common stocks: they were once again in the pits. They posted an average loss of 2.3 per cent for the second quarter with returns ranging from gains of 1.8 per cent on the interest sensitive utility stocks to losses of 10.4 per cent on finance stocks. Standard and Poor's 500 composite index lost 0.8 per cent in the second quarter bringing its negative total return to 7.8 per cent for the first six months of this year.

This performance was in sharp contrast to the continuing show of strength of preferred stocks. Total return for preferred stock averaged 6.2 per cent in the second quarter and ranged from 10 per cent on American Telephone and Telegraph's sinking fund preferred to 4 per cent on the triple B high-common utility preferred sector. The AT and T sinking fund preferred showed an even better 18 per cent gain for the first half of the year.

Salomons pointed out that in the first six months of this year, preferred stocks returned a stunning 14 per cent on average, or more than double the average of all the other fixed-income sectors combined. This strong performance reflects the heavier-than-usual demand in a relatively small market, the investment bank said.

After another bad quarter, common stocks started the third quarter at the end of the week in a turn that has never been seen. Talk of the traditional summer rally in common stocks has all but vanished, despite the fact that the prime has continued to come down and is now standing at 15 1/2 per cent—its lowest level since November 1980.

The decline in interest rates is indeed good news, but coming now after a protracted recession it has been little more than a anti-climax for Wall Street. The market, if it is to rally, will need to be reassured that rates will continue to ease and remain lower for long enough to allow stocks to move up in some sort of sustained rally. It's a measure of the problems facing the stock market in cooling weeks and months, the Treasury announced it would be raising \$11m next week for its third quarter refinancing.

Given the Treasury's voracious appetite for debt, few on Wall Street expect rates to remain low for any sustained period. And as long as stocks continue to have to compete with high yields in the credit markets, prospects of a rally are dim.

The continuing flood of generally depressed second quarter and first half corporate results, did little to lift spirits. International Harvester is now battling harder than ever to avoid bankruptcy and warned this week it could lose as much as \$10m in its current fiscal year. Major oil companies reported steep earnings declines. After Exxon's 51 per cent earnings drop in the second quarter, Mobil announced its earnings were down nearly 56 per cent in the second quarter and Standard California's profits were also down by a similar percentage. The steel sector continued to report dismal results with U.S. Steel down 97 per cent and only propped up by the earnings of Marathon Oil, the large energy company it acquired at the beginning of this year. One hopeful note came from Detroit where both General Motors and Ford reported far larger than anticipated earnings for the second quarter. But they also warned that sales continue to be depressed in the U.S. and it was too early to start uncorking the hobby.

The Federal Trade Commission—the Government's anti-trust watchdog—also slipped a wet blanket on the market when it announced it would seek to block Gulf's \$5.1m proposed merger with Cities Service. Although the market expects the marriage to be consummated, the FTC action will delay the deal and probably force Gulf to divest some assets. The FTC action in turn depressed the stocks of a number of oil companies which speculators had been accumulating in the hope of more takeover activity.

MONDAY	825.44	-5.13
TUESDAY	822.77	-2.67
WEDNESDAY	811.85	-10.94
THURSDAY	812.21	+0.38

MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1982	1982	
	Y'day	on week	High	Low	
FT Ind. Ord. Index	556.5	-21.7	594.0	518.1	Fears for UK industry
FT Gold Mines Index	242.7	-10.1	302.0	181.2	Lower gold price
Acrow A	29	-7	50	29	Results
BAT Inds.	447	-18	472	343	Price-war fears
Beecham	286	-18	304	214	Chairman's cautious statement
BP-Isolates	57	+24f	58	44	Successful USM debut
BP	264	-12	324	260	Lack of support
Brown (John)	42	-6f	66	41f	Recent profits warning
Costain	244	+14	280	226	Revised demand
Fobel International	39	+6f	39	14	Speculative demand
ICI	292	-20	350	281	Disappointing interim figures
KCA Intl.	76	+9	134	63	Speculative demand
Lucas Inds.	137	-14	236	136	Brokers downgrade profits
Multitone Electronics	166	+24*	169	153	Successful new issue
Pilkington	190	-13	300	183	Gloomy analysts' meeting
TI	92	-10	158	88	Despite denial of adverse talk
Trident TV A	61	-13	100	61	Gaming licence appeal lost
Turner & Newall	44	-11	108	44	Asbestos controversy
Whitbread A	112	-11	126	86	Proposed U.S. acquisition

* Based on 33p offer price. * Based on 142p striking price.

Sleeping giant at Roxby Downs

TEXAS, they say, is "big" country and Texas have a reputation for being somewhat larger than life. The Australians, who are not given to hiding their light under a bushel either, will justly claim that when it comes to making mineral finds they too are in the big league, pointing to their huge discoveries of iron ore, bauxite, uranium, coal and even diamonds.

MINING KENNETH MARSTON

And any visiting Texan now faces the risk of choking on his ice-cold lager as he is told of Australia's latest big one. It is, of course, the huge discovery of copper, uranium and gold made at the Olympic Dam project at Roxby Downs in South Australia by the partners Western Mining (51 per cent) and BP Australia (49 per cent).

Everybody knew that Olympic Dam was shaping up to become one of the world's greatest mineral finds. It was not until this week, however, that the partners disclosed how much mineralisation they had so far outlined in a deposit which covers an area of seven kilo-

metres by four kilometres. Tucked away in Western Mining's latest routine quarterly report was the news: "The estimated amount of mineralisation so far drilled on a 200 metre grid is about 3,000 million tonnes at an average grade of

1.6 per cent copper, 06 kilograms per tonne uranium oxide and 0.6 grammes per tonne gold, commencing approximately 350 metres below surface."

The deposit could turn out to be even bigger as exploration work proceeds, but the indicated metal content of the ore tonnage so far outlined is breathtaking by any standards. The amount of copper metal, for example, works out at some 48 million tonnes which compares with a total western world mine output last year of 6.2m tonnes.

The news has not prompted any throwing of hats into the air in the sharemarket this week. Western Mining shares have remained depressed with the rest of the field by the continuing weakness in metal prices and the company's results for the year to June 30 are not likely to make encouraging reading when they come along next week.

Nor have matters been helped by the sour comment from the opposition Australian Labor Party, which is against new uranium mines, that if it is returned to power it will veto the opening of such mines and potential investors had better watch out.

The comment was prompted by the Federal Government's decision to approve the final go-ahead for the big Jabiruka uranium project in the Northern Territory of Pantonminal Mining (65 per cent) and Gatty Oil (35 per cent), but it could envelop Olympic Dam.

Even so, it is difficult to see how this policy could prevail in the face of the important benefits to Australia, not least in much needed employment, that could flow from the development of Olympic Dam.

This also applies to Jabiruka which was first discovered back in 1971 and which would have been in production long ago had it not been for delays caused by procrastination over

environmental and political issues. During this period the market for uranium has waxed and waned but Jabiruka, which could be in production by the end of 1986, is still expected to have an annual export sales potential of A\$900m.

Perhaps of more concern than political posturing, is the Australian tendency to enjoy the fruits of the hoped-for mineral boom well before they are ripe.

The latest comment on this subject has come from Sir Arvi Parbo, chairman of Western Mining, who has pointed out that while major Australian mining companies have been sinking into the red unit labour costs have risen at an annual rate of 16.9 per cent over the six months to last March.

"Incredible as it is, on top of this Australia is in the midst of introducing shorter working hours," he added. "Our present cost structure is badly out of kilter. The gradual devaluation of the Australian dollar has helped to relieve some of the pressure, but it has not been sufficient to make up for this economic blindness."

These sentiments may well be echoed in London by Rio Tinto-Zinc as it contemplates its interests Down Under, notably the 57.2 per cent-owned CRA which is shortly expected to report a loss for the first half of this year.

At least, the group's Hamersley Holdings iron ore operation has been able to report improved first half earnings of A\$25.5m against A\$5.8m a year ago. However, these represent an annual return of only 5 per cent on shareholders' funds and the operation is still running at two-thirds of capacity.

In Canada, the group's Rio Algom has reported a fall in first half earnings to C\$14.1m (£8.4m) from C\$38.8m a year ago. A major adverse factor has been the recession in the market for the steel industry metal, molybdenum, which caused the 68.1 per cent-owned Lornex to lose C\$4.9m in the half year compared with a profit of C\$16.1m in the same period of 1981.

As for the Olympic Dam, the indicated uranium oxide content is some 1.2m tonnes, this almost quadrupling the already massive reserves of the material found in Australia, while the gold amounting to 1,200 tonnes is equal to last year's total world production of the yellow metal.

Now let us come down to earth. For a start the metal grades are low and in order to produce 150,000 tonnes of copper a year, as has been suggested, Olympic Dam would have to be worked on a huge scale. Even then, it is doubtful whether it would pay at today's depressed metal prices.

The mining stage, however, is not expected to be reached until 1988-90 by which time metal prices should be a good deal higher. Meanwhile, the partners are busily delving to prove up an ore reserve in the higher grade of the property near the Wheman exploration shaft.

My guess is that in order to get an early cash flow going for the project, which could cost anything from A\$1bn (£573m) to A\$1.5bn, initial mining will be carried out at sites as using the exploration shaft.

However, the first real hint of how it is planned to develop the deposit, which lies at relatively shallow depth, may come in September with Western Mining's environmental impact statement to the state government.

The news has not prompted any throwing of hats into the air in the sharemarket this week. Western Mining shares have remained depressed with the rest of the field by the continuing weakness in metal prices and the company's results for the year to June 30 are not likely to make encouraging reading when they come along next week.

Nor have matters been helped by the sour comment from the opposition Australian Labor Party, which is against new uranium mines, that if it is returned to power it will veto the opening of such mines and potential investors had better watch out.

The comment was prompted by the Federal Government's decision to approve the final go-ahead for the big Jabiruka uranium project in the Northern Territory of Pantonminal Mining (65 per cent) and Gatty Oil (35 per cent), but it could envelop Olympic Dam.

Is stockbroking in good shape?

Getting fit again

HOW FIT is your stockbroker? Financially fit, that is. Stockbrokers are reticent about their financial health—not surprisingly when business conditions are competitive and overheads are rising.

This week the Stock Exchange announced new moves designed to improve the financial condition of many of its firms, including the jobbing community.

From June 1, 1983 member firms will be required to show that they have a margin of free assets over ranking liabilities representing two months' expenditure. After three years the Stock Exchange may decide to amend that formula to three months' expenditure.

Under the present system it is sufficient for member firms of the Stock Exchange to show that they had £5,000 per partner—or, for limited corporate firms, £10,000 per director—in excess of liabilities.

This system will not be abolished. Member firms will therefore be required to maintain minimum liquidity margins at levels determined by whatever method gives the higher figure.

Accountants Spicer and Pegler audit about a third of all stockbroking firms and taking into account their advisory services the firm probably talks to about 30 per cent of the community. Most of the firms, they say, have liquidity margins comfortably in excess of the minimum laid down by the Stock Exchange.

In a timely study of the future, facing stockbrokers, Spicer and Pegler has developed its own formulae for brokers to spot trouble.

Productivity. A useful yardstick of productivity is of course the number of bargains done per person working with a stockbroking firm. This, say the accountants, is likely to be highest in the smaller office where there is less research back up.

"In our view anything much less than one bargain per person per day in even the largest firm should be cause for review and

we would expect the figure to be at least two per person in a smaller firm."

Profitability. Avoid generalisations, Spicer and Pegler tell the brokers. It is important not to conclude, merely on the basis of over-simplified statistics, that a particular type of business is unprofitable. In most firms the average total cost for a branch bank bargain exceeds the average retained income for the bargain. But a firm will only be better off by removing these bargains from their books if they can reduce fixed costs accordingly or adjusting their business.

The firm that will be trading successfully in ten years time will be one, according to Spicer and Pegler, which has "thought through its business objectives, carefully reviewed current problems and potential markets for the next few years; ensured that it knows what is going on in its own business; and kept its plans for performance under review."

Yes, Yes, murmur the partnerships reflecting on the warnings so far, but "what is the appropriate level of capital for our business?" Spicer and Pegler declare that "there is no single correct answer to this, not least because every firm is unique." That might change because the accountants do not see that position continuing. "In many firms a disproportionate amount of capital has been provided by the more senior partners. When they retire and wish to withdraw their capital it will be extremely difficult for the more junior partners to replace this out of taxed income."

In its crystal ball, Spicer and Pegler foresees the growth of diverse financial service operations to provide all the requirements of institutional investors. When stockbrokers go into battle to meet the new competition the community could be changed "more over the next decade than anything that has happened in the last half century."

John Moore

The Royal Bank of Scotland Base Rate

The Royal Bank of Scotland plc announces that with effect from close of business on 30 July 1982 its Base Rate for lending is being decreased from 12 per cent per annum to 11 1/2 per cent per annum.

Profit from falling interest rates.

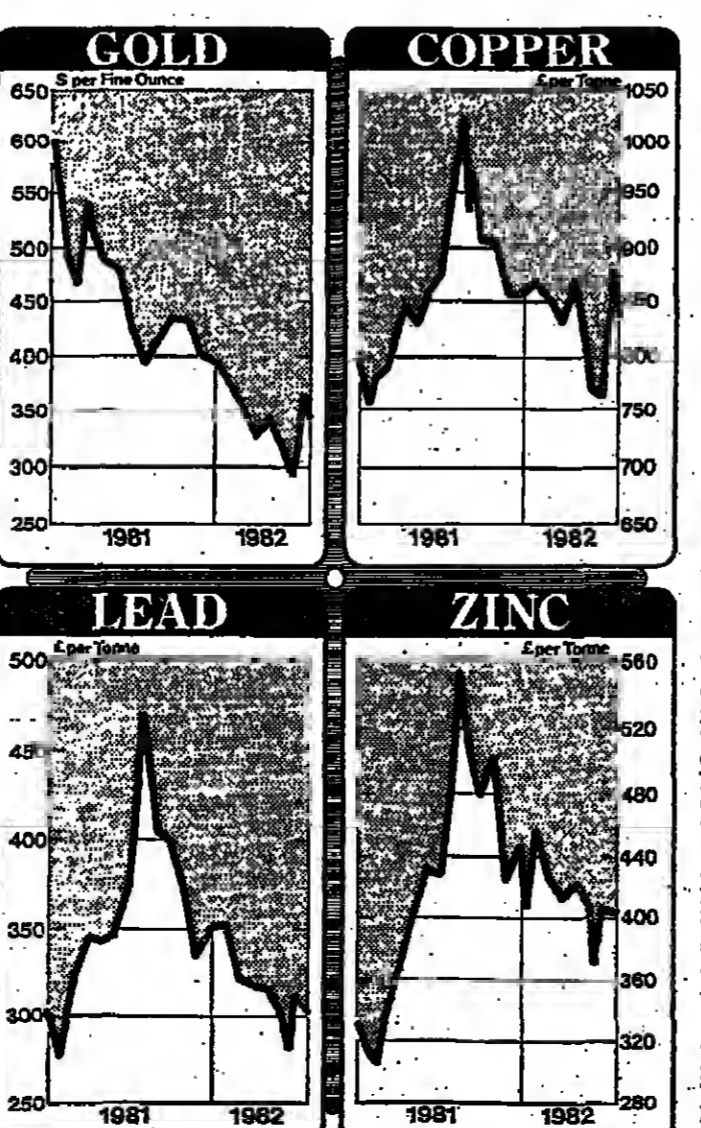
We can advise you on how to exploit the potentially profitable opportunities created in the commodity currency and financial futures markets as interest rates fall. Send the coupon for details.

The Marketing Dept. Inter Commodities Ltd., 31 Loyds Avenue, London EC3N 3DS. Tel: 01-481-9827. Further details please.

Name _____
Address _____

FT31/7

INTERCOMMODITIES LIMITED
Commodity Currency and Financial Instrument Brokers.



Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 6.8.82 are fixed for the terms shown:

Terms (years)	3	4	5	6	7	8	9	10
Interest %	12 3/4	12 3/4	13	13	13	13 1/4	13 1/4	13 1/4

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 6.8.82 are fixed for the terms shown:

Today's Rates 12 3/4% - 13 1/4%

مكتبة الامارات

YOUR SAVINGS AND INVESTMENTS

Rosemary Burr on the possibility of a life companies commissions war When the consumer is the casualty

FEARS OF an imminent commission war among life insurance companies have led the Life Offices Association to seek Government help. The LOA, the life insurance companies' industry body in England, is facing an uphill struggle in regulating the amount of commission companies pay out to brokers in return for business.

In 1980 the LOA members agreed to standardise the rates of commission paid to brokers. The idea behind the move, according to the LOA, was to prevent the development of a price war with insurance companies outbidding each other in an attempt to curry favour with brokers.

As Brian Richardson, general manager of Provident Mutual and chairman of the LOA's commissions committee, argues: "It is a benign agreement as it avoids a commission war. Competition on the commission side is not in the interests of the policyholders. They may be put to a disadvantage as the more that is paid out the less there is available to policyholders."

Ever since 1979, however, there has been a steady stream of companies quitting the association so that they could choose for themselves the level of brokers' remuneration. Equally important, many of the newly-established unit-linked life companies never bothered to join the association and used higher commissions as a weapon to build up their business.

This has long been a thorn in the LOA's side but more recently the volume of business being conducted by non-LOA members has grown to a size where it puts intense pressure on the LOA's commission agreement. Particularly hard hit are those life companies without a direct selling force which specialise in unit-linked business.

The commission rate structure operated by the LOA is complex. A rate is set for each type of insurance product, based on a percentage of the premium paid. For example on a whole life policy, brokers can be paid a maximum of 60 per cent of the premium in year one, 30 per cent in year two and a 2½ per cent renewal fee from then on.

On an endowment assurance brokers get 24 per cent for each year of the policy. So on a £25,000 10-year policy a broker would receive about



£670 in the first year. As for temporary assurance, the maximum percentage of the premium is 60 per cent.

The rate on single premium policies is 34 per cent of the premium and on annuities it is 10 per cent of the purchase price. The LOA says that competition is particularly severe on single-premium business where some non-LOA companies are paying brokers up to 6 per cent.

The danger for consumers is that brokers will recommend a product that provides the broker with higher income rather than the one which is the best value for the client. Several companies outside the LOA, such as Schroder Life and Abbey, pay brokers sums over and above their commissions for large volume of business—so-called "overriders."

In addition, new companies frequently pay as much as 25 per cent above the LOA commission rate structure in an attempt to get business. Ultimately, this money comes out of the policyholders' funds.

Mark Weinberg, managing director of Hambro Life which became a member of the LOA in 1979, says: "At one level the industry has stood up to it surprisingly well. Big pension schemes and whole life schemes seem to come to us as much as ever, but at the more retail end of the business there is an erosion of market share."

"A significant number of LOA companies are starting to complain at having to fight with

one arm tied behind their backs. Tensions are rising. It is not a stable situation long-term."

Hambro Life's figures for the first half of this year underline Mark Weinberg's assessment. The company's life business was sluggish while its pension business increased. Business generated by intermediaries declined and now accounts for just under 15 per cent.

Over at the LOA Michael Oppé, the secretary general, is clearly worried. "Measured by size, members are still doing 80 per cent of the business except on the unit-linked side where 40 per cent of new linked business is done by non-members." This is particularly crucial as it is the unit-linked side—where life insurance funds are invested in a unit trust—which is currently the main growth area in the industry.

"The situation in the linked world is causing anxiety," says Mr Oppé. The LOA feels it cannot adjust unit-linked commissions on their own to meet the competition without tearing up the whole commission agreement. Faced with the alternative of simply abandoning the agreement or seeking government assistance, the LOA has chosen the second course.

As Oppé explains: "We would welcome statutory backing. We would prefer to have government backing than have to abandon the agreement in the face of pressure."

His view is reiterated by one

leading member of the LOA who argues: "If there is not government intervention then I am not optimistic about the future for the agreement. If the agreement is not there then we will have a commission war. One or two of the big boys may move aggressively in the hope of eliminating some of the opposition."

The LOA is remaining cagey about just what action it would like the government to take. However, it would prefer to see the government lay down commission rates directly rather than try to control companies by restricting the level of premiums they charge to customers. Needless to say, not all the life insurance companies share the LOA's predilection for Government backing to the commission agreement. For a start those that oppose the agreement in its current form are unlikely to support such a move.

Paul Seymour, a director of Abbey Life, a non-LOA company, feels that attempts to regulate commission rates are short-sighted. "Commission is only one part of the total cost of getting business. Just controlling one piece is not necessarily solving the problem." He emphasises in particular the freedom of LOA companies to pay whatever they wish to their direct selling force.

John McKirdy, a broker, is scathing about the "pious statements" made by LOA members

on commissions. He says he is "not against a commission agreement but I am against the current one because it really only applies to 25 per cent of the business. Seventy-five per cent of the market, the direct selling force, is unregulated."

McKirdy would favour an agreement where "the cost to the policyholder of business from brokers and direct salesmen was the same." As for legislation, he argues: "When you get legislation, you get overkill. There is just no saying what happens."

Not all the companies outside the LOA would object to government intervention to support the status quo. Chris Brocksum, the chief actuary of Equity and Law, one of the first companies to leave the LOA in order to set its own commission structure, has mixed feelings.

He says: "If the LOA rule broke down and that gave rise to a commission war, I think our attitude would be disappointed. It could give rise to serious difficulties. So we would support the LOA's actions to avoid the outbreak of a commission war."

The prospect of legislation is none too appealing to Brocksum. "We are not keen on further legislation. It tends to produce a negative attitude which the Government would prefer to avoid. It would create distortions."

Privately, leading members of the LOA admit: "The philosophy of this Government is in favour of self-regulation and non-intervention. It would take a major philosophical leap for the Government to throw its weight behind the LOA's commission agreement."

Some LOA members fear that the Government may not move fast enough to prevent a commission war where the main casualties would be the consumers. The picture they paint is not a pretty one: companies going to the wall and ultimately the policyholders being asked to foot the bill for the higher costs of winning business.

As Mark Weinberg points out: "One significant further defection would cause the voluntary abandonment of the commission agreement." He thinks there is "a pretty high risk" one of the LOA's members' nerves will crack, precipitating a price war.

Nearly all boxed up

David Freud looks at the growing worries for investors in containers

MANY INVESTORS who bought containers in the late 1970s, attracted partly by the associated tax benefits, are now seeing a decline in their earnings from this source. Add with recession gripping parts of the container market, some of the smaller management companies which look after container owners' interests are finding the going very tough.

Investors were sucked into buying containers by a tax system which allowed them to set off the full cost of their purchase against their taxable income. When marginal rates of income tax were on a scale extending to 98 per cent that meant the Inland Revenue was funding most of the bill.

At the same time growing advertisements offering returns of 50 per cent and more were put out. However, the sale of containers collapsed after the 1980 Budget, which prevented individuals—as opposed to companies—setting off the purchase cost of a container against non-container income.

The container companies—which sell containers to clients and then manage them on their behalf—are also suffering the fall-out of the dramatic collapse three years ago of Edward G. L. Carter and Co, a hard sell operation in this field.

Mr Edward Carter is believed to have returned to his native U.S. and although a police fraud squad investigation was completed earlier this year, the Director of Public Prosecution's office says it plans no action because of the difficulties of extraditing U.S. citizens from their homeland. Nevertheless, the affair has given container leasing a bad reputation in the UK.

The use of containers to ship goods has been growing rapidly since 1968, when international standards were established. The process has grown up whereby the shipping lines rent containers from container companies, the biggest of which tend to be based in the U.S.

The UK companies developed later and are much smaller. At least five U.S. companies can measure their size in hundreds of thousands of standard 20-foot equivalent units (TEUs); in the UK there are only a handful of companies managing more than 10,000 TEUs.

The recession in standard containers means that utilisation rates are now well down. Mr Mauro Mei, investment manager of the Geneva-based Catu, one of the largest container advertisement may feature a

single come-go figure like a guaranteed first-year return of 191 per cent, without giving the full background data.

So a container company operating only a few hundred TEUs for clients must now be in difficulties. It has little or no mark up revenue, and the income from renting out to shipping companies is unlikely to allow it to operate without taking a big bite out of clients' income.

Meanwhile it may well have put its clients in the wrong kind of container where it must be nigh on impossible to win custom from reputable shipping lines in the teeth of fierce competition from the majors. So the had debts and lost containers are probably piling up.

Some container companies are tackling the changed market by introducing pooling. Instead of operating each client's container individually, the investors put their containers into a fleet, and are paid out the average return made by the whole pool.

Trans Container Services has switched over to this system. In the last year it has put nearly all newly sold containers—some 1,200 TEUs—into a pool. The company, the bulk of whose clients are in the UK, last winter switched its base of operations from London to Basle, and now contracts are enforceable under Swiss rather than UK law.

Pooling at least has the advantage of averaging out the effect of poor utilisation. But it is looked on with suspicion by some authorities since it makes it harder for an investor to keep track of his asset.

With tax concessions for individuals investing in containers now much reduced, it is beginning to make more sense to invest directly in a container company, rather than a container pool, to obtain the benefits of the undoubted future growth of this industry. At least this would allow an investor to measure the achievement of his investment and the company's management.

There are signs that such investment opportunities may be emerging. For example, Tiphook, a company funded by two institutions, has plans to come to the market in a couple of years.

But the UK container business is unlikely to put its unhappy reputation behind it before there is a fundamental shake-up in its structure. That may not be too long in coming.

Eric Short reports on a disturbing case

Danger ahead on the Rock?



The streets of Gibraltar: where is the gold?

THE PAST few months have seen the appearance on the UK life savings market of companies promoting some apparently very attractive savings contracts issued by Gibraltar-registered life insurance companies. One company, in particular, Hanover Financial Services, was until recently actively promoting Guaranteed Income Bond contracts from Signal Life Assurance to financial planners and life assurance intermediaries.

Patrick Curran, managing director of Hanover, was in the past few months travelling the length and breadth of Britain extolling the virtues of these income bonds with considerable success.

This was not surprising since the bonds could not be matched by UK life company Guaranteed Income Bonds either in yield—three points higher—or in term. Signal Bonds were for one, two or five years against a minimum three-year life for UK bonds.

Patrick Curran had judged his market well. The demand by UK investors, particularly those in their late 50s and early 60s, for high yielding income bonds did not disappear simply because the Inland Revenue stopped UK life companies from missing the tax credit on life policies to boost yield.

Investors put over £80m into Guaranteed Income Bonds last year, mainly in one-year bonds yielding around 17 per cent net.

The current crop of UK bonds yields only 11 per cent over four years, however, and they are unattractive to the bond money being redeemed and awaiting reinvestment.

Equally, the intermediaries lost a lucrative source of business that was both easy to sell and remunerative in commission terms. The Signal products, paying 6 per cent commission on average, must have seemed to come like manna from heaven.

But it is the professional responsibility of intermediaries which sell life company contracts, to check out the financial standing and security of the life companies themselves. With UK life companies this can be safely taken for granted, since the Department of Trade closely monitors the companies and there is the safety net of the Policyholders Protection Act.

But this is not the case with offshore life companies. The country of residence is invariably relaxed with its system of controls, besides offering tax-free investment for the life funds. This enables the managers of these offshore life companies the opportunity of following investment strategies and marketing policies on inadequate capital and with minimal financial controls—well below the standards imposed on UK life companies.

The Signal Life Gold Bond series highlights how such freedoms can be used. The literature explaining this investment would be made in direct gold production of a private company named Fraser Resources registered in British Columbia which has surface mines situated in the Yukon with such names as Ten Mile Creek, Barberst Creek and the Britannia Mine—names that conjure up romantic images of the Klondike gold rush of the 1890s.

The literature does not disclose any other investment information, but Patrick Curran did add that the financing of the gold production would be by means of a debenture on the mine and its property, replacing bank finance.

The questions that an intermediary should ask before even

giving the bonds a second look are all too apparent. The mining company should be checked out. The transmission of the bondholders' money needs to be clearly spelt out. The directors and executives of the companies involved need checking. Above all, one needs to know how Signal Life intend to cover the guarantee if things go wrong with mining operations—not the stable of operations—or with the price of gold.

The BBC Money Box programme devoted one programme last month solely to Signal Life and its researchers came up with some very disturbing findings. Fraser Resources, being a new company, had no accounts on public record and no entry in the Canadian Miner's handbook. And a Canadian mining expert, who knew the Yukon mining operations, well, spoke out the hazards of placer, or surface mining.

The BBC also discovered that ownership of Fraser Resources has changed hands recently and there was some confusion over who actually owned what. Above all, nowhere was it clear as to how the guarantees were to be met.

Enquiries by the Financial Times confirm the BBC's disturbing picture. So such a situation, the onus of the financial viability of the life company falls on the trustee, the actuary and the Gibraltar authorities. The trustees are the Jersey branch of the trust department of the Hongkong and Shanghai Bank. One may ask how a trustee situated in Jersey can monitor the operations of a Gibraltar life company which is investing money in the Yukon via New York.

But it appears that almost all intermediaries assumed that everything must be satisfactory at Signal Life, given such eminent trustees. A few intermediaries went further and asked the Financial Times whether it would recommend Signal Life.

But apparently few checked out direct with the trustees, though it would be interesting to know what sort of reception they got. Both the BBC and

the Financial Times were told that without the permission of Signal Life, the trustees could not comment.

Now it would appear that all is not as it seems with Signal Life. Intermediaries will be receiving a letter from Patrick Curran in the next few days explaining why their commission payments for July have not appeared. But other facts in the letter are much more disturbing.

The reason for the delay, according to Mr Curran, is that the Signal Life management has come to a standstill because they have to prepare figures for banks, auditors and actuaries, and liaise closely in almost daily meetings with the Gibraltar authorities. It would appear that all those concerned with the operations of Signal Life are now asking the questions that should have been asked months ago.

Even more pertinent is his final statement that the despatch of the commission statements has been delayed by the trustee bank, Hongkong and Shanghai, has not yet clarified this statement.

Patrick Curran assures his clients that the problems will be overcome and meanwhile not to panic. He asks to be allowed at least until August 14 before intermediaries start making further inquiries.

There is no point in bondholders panicking. There is no surrender clause on their bonds—they are locked-in—so there is nothing they can do but wait and demand that the whole situation is clarified at once. Some sort of statement is believed to be coming from the trustees and this cannot come soon enough.

Meanwhile, the Department of Trade should not stand on the sidelines and say that it is unable to do what it can. Signal Life sold £42m of Gold Bonds and that is a considerable sum at risk. One hopes that the Department is active behind the scenes, if not openly.

Tax credits and dividends

By Our Legal Staff

You recently informed a correspondent that tax credits were not strictly dividends. I would comment that the Inland Revenue treats them as income to compute tax, many companies cite them as increasing the dividend (as if all could benefit) and unless I am mistaken your FT service columns include them in the Gross Dividend list.

We should explain that paragraph 2 of schedule F in the Taxes Act charges income tax upon the aggregate of a UK dividend and its three-sevenths tax credit (where the shareholder is in fact entitled to the credit). For many practical purposes, therefore, it is convenient to treat the latter as a single gross sum, subject to deduction of 30 per cent tax. The strict legal distinction between dividend and credit is, however, of crucial significance in some cases. For example, the Australian tax authorities lost an appeal a few years ago when they tried to treat the latter as a single gross sum, subject to deduction of 30 per cent tax. The strict legal distinction between dividend and credit is, however, of crucial significance in some cases. For example, the Australian tax authorities lost an appeal a few years ago when they tried to treat the latter as a single gross sum, subject to deduction of 30 per cent tax.

The reason for the delay, according to Mr Curran, is that the Signal Life management has come to a standstill because they have to prepare figures for banks, auditors and actuaries, and liaise closely in almost daily meetings with the Gibraltar authorities. It would appear that all those concerned with the operations of Signal Life are now asking the questions that should have been asked months ago.

Even more pertinent is his final statement that the despatch of the commission statements has been delayed by the trustee bank, Hongkong and Shanghai, has not yet clarified this statement.

Patrick Curran assures his clients that the problems will be overcome and meanwhile not to panic. He asks to be allowed at least until August 14 before intermediaries start making further inquiries.

There is no point in bondholders panicking. There is no surrender clause on their bonds—they are locked-in—so there is nothing they can do but wait and demand that the whole situation is clarified at once. Some sort of statement is believed to be coming from the trustees and this cannot come soon enough.

Meanwhile, the Department of Trade should not stand on the sidelines and say that it is unable to do what it can. Signal Life sold £42m of Gold Bonds and that is a considerable sum at risk. One hopes that the Department is active behind the scenes, if not openly.

Patrick Curran assures his clients that the problems will be overcome and meanwhile not to panic. He asks to be allowed at least until August 14 before intermediaries start making further inquiries.

There is no point in bondholders panicking. There is no surrender clause on their bonds—they are locked-in—so there is nothing they can do but wait and demand that the whole situation is clarified at once. Some sort of statement is believed to be coming from the trustees and this cannot come soon enough.

write to the Inland Revenue at Somerset House, Strand, London WC2R 1LE.

In either case, remember to quote Bristol 5's reference number for your file.

Sale price left on mortgage

As trustee for a trust fund I have sold a house out of the settled property by a mortgage raised through the Trust Fund which bears interest at 1 per cent below the prevailing building society rate. The net sale price being approximately £6,500. The transaction was carried out in the tax year 1981/82, the repayment of capital and interest being at an inclusive rate of £100 per calendar month. At the current rate of interest the approximate period for repayment will be 11 years. The house was valued at £880 for Capital Gains Tax liability on the death of one of the life tenants in 1966, therefore there will be further Capital Gains Tax liability arising of approximately £5,680 ie £6,500—£880.

Could you please advise then whether I should be right in contending that sale of the house has not been completed until the last payment is made; whether the Capital Gains Tax liability could be computed on a part sale basis similar to a disposal of shares over a period of years?

It is a pity that you did not ask the implications of the pro-ask the Trusts' solicitor about

posed sale, whilst it was being negotiated. They could have corrected your misconceptions, at little extra cost (and possibly none).

1. No; it is contract day which counts; for CGT purposes, under section 27(1) of the Capital Gains Tax Act 1979.

2. No; sections 40(2) and 23 of the CGT Act effectively prevent the existence of a mortgage from being claimed as grounds for postponing payment of CGT.

Freezing funds pending claim

My father recently died intestate in Pakistan where he was domiciled. He had funds in London which he had put into an account maintained by my brother also domiciled in Pakistan. Until 1978 my brother acted as trustee of the account. He has since then refused to do so. I applied to the court in Pakistan to make me an administrator of the estate, which was granted. Would it be possible for me to freeze my father's funds in my brother's accounts?

You should take out a grant of representation in England to your father's English estate. You

held in your brother's name; and can freeze those funds until the claim has been resolved. You should consult a solicitor.

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

A possessory title

A piece of land was left by an ancestor of mine who died in 1837 to a nephew, with a life interest to his wife, who died in 1893. It is not clear when the nephew died but it may have been as early as 1852. Beyond this, no clear information as to who now owns the land is available.

Would the nephew's heirs and assigns still be entitled to the land if he died (a) before 1857 (b) after 1857 (c) would the executor of my ancestor's wife's will or his heirs and assigns have power of sale? (d) as far as I can make out nobody else could have any better claim to the land than I have so would a court now be able to grant of sale of the land?

would then be in a position to claim the money in the account (a) If the devisee predeceased the testator he would not have acquired an interest—and his heirs have none now. (b) Yes, unless he died after 1855, in which case his personal representatives would be entitled, or left the property by will. (c) No. The estate will have passed direct to the nephews or his heirs.

Freezing funds pending claim

My father recently died intestate in Pakistan where he was domiciled. He had funds in London which he had put into an account maintained by my brother also domiciled in Pakistan. Until 1978 my brother acted as trustee of the account. He has since then refused to do so. I applied to the court in Pakistan to make me an administrator of the estate, which was granted. Would it be possible for me to freeze my father's funds in my brother's accounts?

You should take out a grant of representation in England to your father's English estate. You

held in your brother's name; and can freeze those funds until the claim has been resolved. You should consult a solicitor.

Zimbabwean shareholding

I was a shareholder in the MTD Mangula and have just received payment from a blocked account in Salisbury. This payment consists of dividends paid up to the time I sold the share (1965/70) and savings bank interest throughout (1976/81). Zimbabwe tax on the dividends then I am not also liable for UK tax on the amount received. Is there any double tax order in effect which would enable me to claim that having paid Zimbabwe tax on the dividends then I am not also liable for UK tax on the amount received? You have not given us many precise facts upon which to base our reply, unfortunately. We must therefore make the following assumptions (but, if any of them is wrong, our reply is probably inappropriate):

- 1) You are, and always have been (since 1964), resident in the UK;
- 2) You are, and always have

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

held in your brother's name; and can freeze those funds until the claim has been resolved. You should consult a solicitor.

A possessory title

A piece of land was left by an ancestor of mine who died in 1837 to a nephew, with a life interest to his wife, who died in 1893. It is not clear when the nephew died but it may have been as early as 1852. Beyond this, no clear information as to who now owns the land is available.

Would the nephew's heirs and assigns still be entitled to the land if he died (a) before 1857 (b) after 1857 (c) would the executor of my ancestor's wife's will or his heirs and assigns have power of sale? (d) as far as I can make out nobody else could have any better claim to the land than I have so would a court now be able to grant of sale of the land?

would then be in a position to claim the money in the account (a) If the devisee predeceased the testator he would not have acquired an interest—and his heirs have none now. (b) Yes, unless he died after 1855, in which case his personal representatives would be entitled, or left the property by will. (c) No. The estate will have passed direct to the nephews or his heirs.

Freezing funds pending claim

My father recently died intestate in Pakistan where he was domiciled. He had funds in London which he had put into an account maintained by my brother also domiciled in Pakistan. Until 1978 my brother acted as trustee of the account. He has since then refused to do so. I applied to the court in Pakistan to make me an administrator of the estate, which was granted. Would it be possible for me to freeze my father's funds in my brother's accounts?

You should take out a grant of representation in England to your father's English estate. You

held in your brother's name; and can freeze those funds until the claim has been resolved. You should consult a solicitor.

Zimbabwean shareholding

I was a shareholder in the MTD Mangula and have just received payment from a blocked account in Salisbury. This payment consists of dividends paid up to the time I sold the share (1965/70) and savings bank interest throughout (1976/81). Zimbabwe tax on the dividends then I am not also liable for UK tax on the amount received. Is there any double tax order in effect which would enable me to claim that having paid Zimbabwe tax on the dividends then I am not also liable for UK tax on the amount received? You have not given us many precise facts upon which to base our reply, unfortunately. We must therefore make the following assumptions (but, if any of them is wrong, our reply is probably inappropriate):

- 1) You are, and always have been (since 1964), resident in the UK;
- 2) You are, and always have

PROFESSIONAL INVESTMENT ADVICE WRITTEN FOR THE AMATEUR AND ILLUSTRATED WITH CHARTS

The "Amateur Chartist" is a monthly newsletter. It is lively and direct and tells you what to do. It does not sit on the fence or say "maybe". It covers not just the UK scene with specific buy and sell recommendations on individual shares but also Europe, Far East and U.S.A. Charts aren't the only thing you can make money from. Send for FREE details of our FREE TRIAL OFFER.

AMATEUR CHARTIST
3a Fleet Street, London, EC4

July 31, 1982

LEISURE

Late holidays at home...

BY SYLVIE NICKELS

IF YOU HAVEN'T got around to booking the family holiday yet, the situation in the UK at least is not yet desperate. According to British Travel Service, for example, there are still plenty of possibilities on their extremely flexible programme, which offers daily departures, year-round, to more than 130 hotels in 50 resorts.

The basis of the programme (new this year, though the parent company Bridge Travel Service has been around for a very long time) is supremely simple. The UK is divided into three zones and, whichever resort or hotel you choose, the price is the same, to include half board, taxi transfer—and return rail travel as long as your home town and chosen resort are in the same zone; that is £142 for seven nights in high season. If you need to cross into another zone, you simply add £10.

Children's reductions range from 15 to 90 per cent, depending on age and whether a separate room is required. Most of the resorts are on a coast, plus a few obvious inland beauty spots such as Windermere and Aylesmere.

Reductions for children apply to most of the following arrangements, though one of the rare ones actually to offer free accommodation to under-14s, even when occupying a separate room, is Crest Hotels' Welcome Breaks programme—providing each child is accompanied by at least one adult.

Many of their 60-plus hotels are in or near urban areas, ranging from Aberdeen to Gatwick and Heathrow Airport. They would be ideal for a touring holiday in which case you could take advantage of the



The River Waveney on the Norfolk Broads. Bargain breaks in many centres include worthwhile reductions for children

Pre-Planned Motoring scheme, based on a minimum of five consecutive nights and maximum stay of two nights at any one hotel unless at the weekend. You plan your own route and cost it according to the hotels selected; five days start from £90, covering room with bath, half board, information pack—and £5 gift voucher.

Take Five, whose parent company is the long-established Saga Holidays, launched a novel range of self-catering holidays last year of particular appeal to families who want to see a bit of action. It uses university accommodation, usually modern purpose-built, and fully-equipped flats or houses; but the great bonus is the free use of the many facilities available on or near campus, such as squash, table tennis, tennis and, in some cases, swimming pools.

Centres include Aberdeen, Dundee, Colchester, Portsmouth, Southampton, and weekly rates per person range from £25 to £37 (if four). There are no reductions for children except under-twins, who are accommodated free in a cot but the price does include a welcome food basket, welcome party and disco, and film show.

All these centres are also, of course, within easy reach of fine country, historic sights and the entertainment facilities of the towns themselves. Take Five representatives are on hand to give local advice and arrange the available optional excursions.

Individual hotels, too, have got together to produce attractive packages with family appeal. One is a two-centre holiday in Wales combining coast (Headlands Hotel, Llandudno) and country (Craig-y-Dderwen Country House Hotel, Betws-y-Coed). You get three or four days at each hotel, room with bath and half board, plus free entrance to two attractions in each locality (Llandudno's Doll Museum and the Encounter Wild Life Museum. Llannwrst, for example) and a coach tour. Adult rates are £19, under-12s pay half price if sharing room with adult.

Many of the hotel groups and consortia which specialise in short breaks now also have pleasant arrangements of a week or more with families in mind. Embassy Hotels' Summer Hushaway Breaks feature horse riding weeks in the Wye Valley, based on the Beaufort

Hotel near Chepstow and using the facilities of the Tintern Riding School geared to all age groups and abilities. The week with half board and three hours riding per day, costs £199 plus £29 for extra days and there are special terms for the under-12s.

And while on the subject of shorter breaks, Trusthouse Forte's bargain breaks in London also cater for the whole family, with a host of discounts on shopping and entertainment and special three-day rover tickets with unlimited travel on the central London Transport network at £5 for adults, £2 for children.

Under-fives are accommodated free and under-14s pay a mere £1 if sharing with adult; they also get low-priced children's menus. Youngsters are welcome in any of TTF's nearly 200 hotels in the UK, but eight of them dotted about the country make a special fuss of them.

The family appeal of holidays afloat is obvious for those who like messing about in boats and, with 2,000 miles of navigable waterways to choose from in the UK, there's plenty of opportunity for exploration far from crowded motorways. Weekly rates through Blakes Holidays

for a six-berth cruiser on the popular Norfolk Broads in high season is £285-£400; for a four-berth narrow boat on the canals, £225-£322.

Still on the holidays afloat theme, there's a firm in Warwickshire prepared to back its faith in the British summer: Stratford-upon-Avon Marine, which has more than 30 fully-equipped narrow boats for hire, and is offering a refund of one-seventh of the week's rental for every 24 hours in which more than one-fifth of an inch of rain falls! They still have a few vacancies at the end of August and plenty in September.

Further information: British Travel Service, 54 Ebury St, London SW1; Crest Welcome Breaks, Dorland House, 388 The High Road, Wembley, Middlesex HA9 6UG; Take Five, Brook House, Sandgate Hill, Folkestone, Kent CT20 5SG; Headlands Hotel, Llandudno, Gwynedd LL30 2LS; Embassy Hotels, 34 Queen's Gate, London SW7 5JA; Trusthouse Forte, Paramount House, 71-75 Uxbridge Rd, London W5 5SL; Blakes Holidays, Wroxham, Norfolk; Stratford-upon-Avon Marine, The Boatyard, Clepton Bridge, Stratford-upon-Avon, Warwickshire CV37 6YX.

Roomy Peugeot estates

MOTORING
STUART MARSHALL



THIS WAS the one that buyers expecting a car to be part minibus, part delivery van, yet ride like a head of state's limousine were waiting for.

In its ten-year life, the old Peugeot 504 estates made tens of thousands of friends. It was ideal for a country mum who had to pack seven or eight children into her car for the school run. For the horse family who wanted a vehicle to pull a double box and swallow up bay hales besides. And for the trader whose goods were bulky but who insisted on a fast, relaxed motorway journey from Calais to Cote d'Azur campsite every summer.

The 504 estate was all of these things. Its successor, the 505 estate, which made its long-awaited appearance last Spring, is even more so.

There are five of them, with list prices from £7,300 (the rubber-matted GL) to the wall-to-wall carpeted £9,096 Family diesel. The petrol ones have 2-litre engines developing 82 hp at 5,000 rpm in the GL estates, 86 hp at 5,200 rpm in the GR and Family. The diesel is 2.5 litre, putting out 76 hp at 4,500 rpm and only fractionally less torque (that is pulling power) than the 86 hp petrol engine at two-thirds its revolutions.

Power steering is standard on all but the GL; the diesels and the petrol-powered Family have a five-speed gearbox, the GL and GR estates a four-speeder. At present, automatic transmission is not offered, but it soon will be.

The 505 estate and Family differ only in seating arrangements. The former is a generously roomy five-seater with nearly as much luggage space as up, as some smaller estates have with it folded down.

The Family is a genuine face-forward eight seater, still with tons of luggage space. Unlike

the 504 Family, the 505's third row of seats folds flat. With both rows folded, its load capacity almost matches that of the 505 estate. This has a 7 ft 7 in maximum floor length, 3 ft 9 in wide at its narrowest between the wheel arches. It is the most spacious estate on sale in Britain.

It is a tribute to the smoothness of the controls, the commanding vision from the arm-chair-type driving seats and the lightness of the steering that squeezing the 16 ft long 505 estate into a 20 ft long kerbside space does not feel like trying to dock the QE 2 without the aid of tugs.

The tailgate window does look rather remote in the driving mirror but, even in the crowded West End, the 505 is not elephantine. On the motorway, the petrol GR cruised as quietly as an executive-style saloon. There was none of the low-frequency booming one might have expected.

The ecoometer light flickers from green to yellow to red with minimal change in pressure on the accelerator and sometimes shows two colours together. Given a sympathetic right foot, the 505 estate sustained 75-80 mph on the motorway with the green light showing. This partly explains the unusual fuel economy: the 23 mpg I saw for a mixed bag of motoring would have done credit to a far smaller car.

The diesel GR I drove last week showed 33 mpg in similar use, aided by a five-speed gearbox with overdrive top that let

it cruise almost as fast as the petrol GR. Most of my driving was lightly loaded. With the permitted maximum of 1,555 lbs aboard, there is some reduction in performance, especially acceleration, and consumption inevitably goes up.

The diesel is not the smoothest of its kind at very low speeds but you would scarcely know the differences in normal driving. The pre-heat light goes out in seven seconds. That is not as fast as the Lucas CAV Micronova (this column, June 26) which lets my 305GLD fire up instantly from cold. Lucas CAV ask me to make it clear that Micronova is not available for retro-fitting. They want to sell it to a European diesel car maker before offering it as an after-market item.

On me up, the 505 estates rode with great comfort and were even better heavily laden. The wheelbase is six inches longer than the 505 saloon's 9 ft. Obviously, this helps them to disregard undulations that upset closer-coupled cars, but the French in general—and Peugeot in particular—have always understood steel-sprung suspension. On its non-independent rear axle (the saloon is all-independent) the 505 estate is undisturbed by broken surfaces and the big 185-14 Michelin don't jar when they hit potholes.

The 505 estates have few rivals—the Volvo 243, Citroen Safari, Mercedes 200T and perhaps the Vauxhall Carlton. All round in space, price, comfort and driving pleasure, they lead the field at present.

With historic rights going back many years. In 1978 it was estimated on the basis of declared returns that 85 per cent of the catch went to the nets in England and Wales; the Scottish figures are not available.

Fishermen have found other migratory routes, particularly off the coast of Northumberland and have been causing great destruction with nets made of monofilament nylon which the salmon cannot see. It is obvious that the commercial salmon fishing techniques, particularly at sea, will probably wipe out salmon because the estuary nets are beginning to have a hard time.

The complaints of the rod fishermen get short shrift from politicians in any country. It is not surprising a rich man should spend their early years in the river systems of Western Europe and North America. If riparian owners found it was no longer worthwhile to try to conserve stocks and spawning areas, they do now, there would be fewer fish to return to the sea, and the Atlantic salmon would become extinct.

instance on the Loire in France, there would be no point in going north except for the grass and a little stalking for a few weeks in August and September.

Those taking the fish at sea should also bear in mind that their catches are absolutely dependent on the Atlantic salmon being able to spawn and spend their early years in the river systems of Western Europe and North America. If riparian owners found it was no longer worthwhile to try to conserve stocks and spawning areas, they do now, there would be fewer fish to return to the sea, and the Atlantic salmon would become extinct.

TRAVEL

* TAKE TIME OFF IN
* Brussels, Bruges
* Luxembourg
* Individual Holidays
* TIME OFF LTD, 2a Chester Close,
* London SW1X 7SD. 01-235 8070

HOLIDAY ACCOMMODATION
GENEVA
RESIDENCE DE FRANCE
4 Avenue de France
Tel: 022/51.14.79
Beautiful first-class, air-conditioned residential furnished apartments and studios. Fully equipped kitchen. Daily maid service. Weekly and monthly arrangements. Excellent location.

MOTOR CARS
MERCEDES BENZ 300E Auto W Reg. February 1981. 8,000 miles. 100% original. Power windows, stereo, radio, 4 speed, alloy wheels, 16" alloy wheels. Price: £11,750 onl. Phone: 01-571 3155.

EDUCATIONAL
ROSEHILL INTERNATIONAL SCHOOL
Well-established co-educational school. College preparatory programme with advanced placement. Official test centre for Oxford C.E.E. and Royal Society of Arts Examination Board. Fully equipped library. Commercial studies. Small classes. Holiday language courses July and August.
Write for details to the Dean of Admissions, Rosehill International School, Hoehenweg 60, CH-9000 St. Gallen, Switzerland.

... and abroad

YES, you can still get a holiday overseas.

No, you won't get a discount. That, in general terms is the state of late booking play this week. The heavy discounting that was available up until two or three weeks ago has now disappeared. It is true that one or two late seats might be available, but most operators are now back to business as usual.

Since the position is changing from day to day it would be foolish to give precise examples. If you are simply in the mood for summer Mediterranean sunshine then be prepared to compromise.

The hardest place to find accommodation is seaside Spain, particularly if you are a family of four wanting two adjoining rooms in a good hotel. Most of the higher operators only have last minute cancellations or the odd seat or two available.

Italy and Southern Portugal are almost as difficult, but there is a slightly better chance of success. Yugoslavia has also proved very popular this year.

Your travel agent is most likely to offer the Greek Islands, Tunisia, Morocco or perhaps Malta. Almost certainly the offer will be of a holiday with one of the smaller independent tour operators.

Unless you are prepared to compromise over accommodation standards as well then do not expect to pay less than £250 for two weeks holiday per person. You might get a Greek island holiday for a couple of weeks, half board for £300.

The rush for holidays looks like continuing for the next three weeks at least.

This does not mean that the industry is having a boom year in bookings. The fact is that the early part of the season was thinly booked—hence the early season discounts—and beds and aircraft are not the sort of thing that can be turned on and off at will.

Further Information: The Late Traveller, Traveller House, 5 Garrick Street, Covent Garden, London WC2E 9AZ.

ARTHUR SANDLES



Village scene in Crete: the rush to book holidays is on.

March of the potentillas

GARDENING
ARTHUR HELLIER

ONE OF THE success stories of recent years has been the rapid development of the shrubby potentillas.

For many years they had led a worthy but unexciting life as garden plants that were useful because they did not take up a lot of room and flowered for most of the summer, a rather unusual quality in deciduous shrubs. Variety was limited to white or yellow flowers and green or silvery leaves and no one seemed to see much possibility of further useful development.

Yet many years before there had been indications that there was a great deal more to potentillas than that. As early as 1928 Leslie Slinger, who worked with his father in their Slieve Donard nursery in Northern Ireland, had been told by his rather that some quite ordinary yellow flowered potentillas they were growing had, in fact been raised from seed sent from the Himalayas by Reginald Farrer before his tragic death there in 1930 and labelled as having been collected from a red-flowered plant. Intrigued by this, Leslie raised several generations of seedlings from the plants and was eventually rewarded with one that showed a reddish blotch in the centre of its otherwise yellow flowers. It lacked vigour and was not itself a good garden plant but it did represent the first breakthrough in colour and from it he raised a reddish orange potentilla which

we now know as Tangarine.

It was an exciting development which was to bring a whole new range of colour to the shrubby potentillas, peach and apple blossom pinks, oranges and various shades of red including Red Ace, which still has a hint of yellow in its colour, and Royal Flush which has dispensed with it completely and is a cheerful cherry red. Some of its flowers have more than the usual five petals and I have seen seedlings with as many as ten petals. So doubling is another development clearly on the way.

Red Ace was found by Dr D. A. Barker as a chance seedling in his garden at Hopleys, Much Hadham, Hertfordshire. It created a sensation when it was first exhibited for despite Reginald Farrer's comments and Leslie Slinger's success with Tangarine no one seemed to have believed that a truly red shrubby potentilla was possible. Publicity for the new break was helped by the apprehension of someone trying to steal cuttings from Red Ace at the Chelsea flower show. Now the hunt was really on for more new colours on plants varying in habit from near prostrate to holly upright with leaves that could be green, grey or silvery and could also vary considerably in size and formation.

Already Dr Barker has many hundreds of seedlings on trial and he is by no means the only one experimenting with potentillas which are quite easy plants to raise from seed. But all this progress has not been made entirely without risk. Most of the old white or yellow potentillas flowered freely from June to

September though a few, such as the white-flowered, silvery-leaved Yetchi, could be rather niggardly with their flowers at times.

This cannot be said of all the newcomers. Tangarine can be shy flowering at times and seems to need plenty of sunshine and warmth to make it perform well. I have a delightful pink-seedling which is only now, in July, starting to flower, and that rather sparsely, though other varieties have been making a good display for at least two months.

This is clearly something the breeders will have to watch carefully for expensive new varieties that perform badly would soon get the shrubby potentillas a bad name. The best producer in my garden is a white-flowered variety named Abbotswood. I do not know its origin but the name suggests that it must have been found in the famous garden at Stow on the Wold by Mark Fenwick in the first half of the present century. Abbotswood was already in flower with me in May, and still at it and on past form will continue until the autumn. If I were a breeder I would try crossing it with some of the new red and pink varieties and then, if nothing of note turned up immediately, I would try self-fertile the first generation seedlings to see if something better turned up in the second or third generation.

Another excellent variety in my garden is Goldfinger. It has extra large, deep yellow flowers and an erect habit and it is very sturdy in growth, another quality that needs to be maintained in the search for variety. I also like Daydreams, with its lovely peach pink and cream



One of the many potentilla varieties

flowers and Primrose Beauty with grey leaves and pale primrose flowers with a spot of deeper colour at the centre. All potentillas grow well where there is lime in the soil but it is not essential to success, and they clearly like my moderately acid soil which they share with chododendrons, camellias and heathers. They enjoy good drainage, sunshine and warmth but do not like to be starved. It is easy to see the improvement in flower size and general performance where plants have been well mulched with mushroom compost and have had a little fertiliser as well.

All flower on the current year's growth, which means that they can be pruned as much as you like in February or March.

Hard pruning can be a way of discouraging red spider mites, one of the few pests likely to trouble potentillas. They are not easy to detect as the mites are tiny and cluster around the veins on the underside of the leaves but a tell-tale greyish mottling of the leaves is a warning to look for. If they are found bushes should be sprayed occasionally in summer with derris or malathion and all prunings should be burned.

Since nearly all shrubby potentillas are now sold in containers and planted at any time, even when they are in bloom. This makes it possible to pick out the varieties one really likes and avoid any that are not flowering freely.

BOOKS

Fine place

BY PETER QUENNEL

The House: A Portrait of Chatsworth by the Duchess of Devonshire, Macmillan £9.95, 232 pages

Chatsworth in Derbyshire is not only one of the largest English private houses; but its western front, seen from the motor-road across a bright and sinuous river, with its gardens, fountains, cascades and their densely wooded background...

shire's Portrait of Chatsworth might have been a dull but useful book. Useful it undoubtedly is—it contains a mass of valuable information; but it is not at all dull, thanks to the "intense pleasure" that living in the house has brought her...

A singularly intelligent and warm-hearted man, he was also a gifted and perceptive writer; and his Handbook (remarks the present author) reveals the curious contrasts of his personality...

for him by his employees," who included the great Joseph Paxton. "But it is his sense of humour that makes one love him. He was funny and sad."

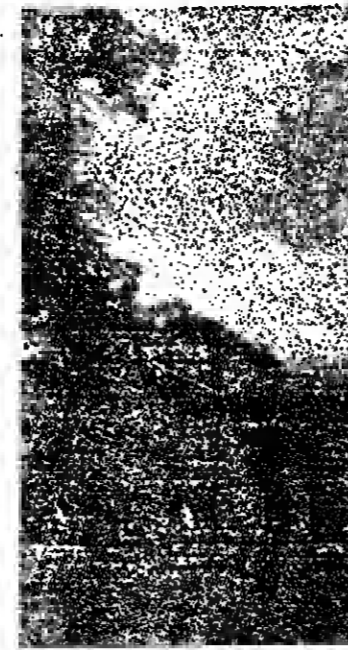
It was formally lodged Mrs Bunting and her dog 'Toujours'; the most prim and regular, and punctual of ladies' maids, walking as if she went upon wheels...

The author is evidently devoted to the Bachelor Duke, but earlier and later dukes, she hints, were not quite so obviously lovable.

enormous debts the extravagant Bachelor had piled up; while the ninth duke stored his Shire horses, and in 1916, went out to govern Canada; but, in 1925, suffered a stroke that caused irreparable brain-damage...

Of all owners of Chatsworth after the Bachelor Duke's death, the eighth, offspring of the gloomy mathematician, had the golden and busiest existence.

Once, remembered the Duke of Portland, he sat in the House of Lords, on a "Bench next to me, and in two minutes he was asleep. When he woke with a start he looked at the clock and said: "Good heavens, what a bore! I shan't be in bed for another seven hours!"



The Stables at Chatsworth, designed by James Paine in 1760—one of the plates in the Duchess of Devonshire's book reviewed today

betray such languor in such circumstances the highest posts should be open."

Besides depicting previous occupants of Chatsworth, the Duchess, in company with the Bachelor Duke, leads us through some of the most beautiful and important of its 175 rooms, and up and down its splendid

gardens. To the gardens and the problems of gardening, she is especially attached; and she writes pleasantly of days when everything has gone well; "when the wind goes down and the smell of soil takes over..."

Not that she is in retreat from her gigantic house itself; she enjoys telling us of the restorations she has organised, the changes she has made there, and the details she has introduced.

Patrick Leigh Fermor devised imaginative titles. Those I particularly like are Sideways Through Derbyshire by Crabbe, Consenting Adults by Abet N. Wiling, Jellies and Biscuits by Somerset, Dipomania by Mustafa Swig, and The Battle of the Bulge by Lord Stan.

Verdicts from on high

BY RAYMOND HUGHES

The Law Lords by Alan Paterson, Macmillan for the Social Science Research Council, £12.00, 283 pages

There are the Lords Spiritual and there are the Lords Temporal. Into which category should one place the Lords Judicial, the judges of the highest appeal court in the land?

Although not ecclesiastics, their word has the force of Holy Writ in the legal world, and attendance before them is, one suspects, a little like an interview on Mount Olympus.

But then they are undoubtedly temporal on the occasions when they rule on an issue like London Transport fares, when they become Lords Controversial—even in the eyes of some people, Lords Political.

The House of Lords in its judicial role is probably the least well known, and least researched, of all British courts. Yet, as the court of last resort, its importance and influence can hardly be overstated. It is the

decisions of the Law Lords on the interpretation and application of the law that, in large measure, determine the outcome of proceedings to all inferior courts.

The Law Lords is the first comprehensive look behind the scenes to discover how the Law Lords operate, how they arrive at their decisions, and how they view themselves. It is based upon a wide range of interviews with past and present Law Lords, judges of lower courts and barristers. Dr Paterson has written a fascinating study.

First and foremost it is a work of sociology—as quickly becomes apparent when one reads that:

[A person's role] is the cluster of normative expectations which exist at any given time as to the behaviour and attributes required of a person who holds a particular status or position."

Admittedly that is a rather extreme example of Dr Paterson's prose style. The book should prove useful

to barristers, particularly those who have yet to appear before the Law Lords, showing how to present a case to the Olympian bench.

For the general reader the interest is most likely to lie in the section in which Dr Paterson describes, largely in the words of the Law Lords themselves, the manner in which they arrive at their decisions, their attempts to influence one another and what is involved in giving a concurring or a dissenting judgment.

There is a distinct odour of the cloisters in this realm. We learn that the Law Lords keep themselves very much to themselves, and are far more likely to have oral interaction with each other than to discuss cases, and presumably anything else, with inferior judges, barristers or academics.

Yet, oddly, we later find Lord Hale commenting that "all judges should be aware of the facts of modern life," while Lord Reid regarded "contact with ordinary people of all grades of society as

essential for any judge in order to obtain a proper view of public opinion."

However, there is no mention in the Law Lords' interviews about their activities as members of the House of Lords proper: of the extent to which they take part in, or even attend, debates in the Upper House. Here, one might have thought, would be one avenue by which they could gain an insight into topics outside the legal world.

Dr Paterson devotes a considerable part of the book to the changes in the way the Law Lords have operated in the past 25 years or so. He finds a greater willingness to do justice in a particular case, rather than to be ruled by the need to provide certainty in the law; and, since 1965, when the Law Lords decided that they need not necessarily be bound by their own decisions, a greater flexibility—though coupled with an overwhelming consensus that that new power should be used sparingly.



Swaroop Kishan, the umpire, at the first Test in India—from the book reviewed below

Overs

BY K. NATWAR-SINGH

Cricket: Wallah: 62 England in India 1981-82 by Scyd Berry, Hodder & Stoughton, £3.95, 192 pages

The Indian cricket team led by Sunil Gavaskar has recently completed their tour of England. They lost the series in a rather lack-lustre season notwithstanding the brilliant and enterprising performances of Kapil Dev, and Paul, and Doshi; England and India are now even. The MCC lost to India in the 1981-82 series in India, but not before Ian Botham had carved his name on the hearts and minds of Indian cricket lovers.

Scyd Berry's book is about that tour, which would not have taken place but for the generous intervention of Mrs Gandhi. That the confidence placed in Blycott and others should have been subsequently abused can only do incalculable damage to cricket; and encourage the apostasy of apartheid in South Africa.

The author not only loves cricket but also India. His book is not just a hectic accumulation of data of scores made, wickets taken, catches missed, but is a serious attempt to understand the Indian cricketing mind and methods. India goes "cricket mad" whenever a Test is played. Work comes to a standstill even when the home team is doing badly and the umpiring patchy.

The English team, rather some members of it, did not entirely cover themselves in glory by their conduct both on and off the field. Too many petty incidents took place. Good manners are part of the mystique of the game. There were many lapses in this department.

But Mr Berry's book is, on the whole, a celebration. He obviously enjoyed himself in India. His chapter on Ranji (1872-1933) is most interesting and invokes a bygone era with warmth and feeling. My wife's grandfather, the late Maharaja Bhupinder Singh of Patiala, did much to put Indian cricket on a sound footing. He gets benign, witty treatment.

The Maharaja was a most original character. Playing for the MCC in Calcutta in 1934.

He spent a considerable time at the wicket, although he made only eight runs. This was because he lost a pearl earring (the always worn earring worth £10,000 and held up play until it was found). His Highness's batting partner, who was Maurice Tate, had to perform to crawl on his knees, searching for it on the pitch.

Play resumed after the errant jewel had been found. Those were the days!

The author provides valuable insights into the world of Indian cricket; but a couple of errors need to be corrected. India has 500,000 not 300,000 villages. There is no one called Maharaja of Holkar. The correct version is Maharaja of Indore, otherwise known simply as Holkar. A real Indian gookly that.

'Operation Boot'

BY DAVID TONGE

Something Ventured by C. M. Woodhouse, Granada, £12.50, 199 pages

In 1951 the Labour Government assembled an armada at the mouth of the Shatt-al-Arab. Herbert Morrison, the Foreign Secretary, wanted to occupy Abadan and prevent Musaddiq from taking over Anglo-Iranian's refinery. The Cabinet overruled Morrison, causing him to complain: "This would cost us 5m votes."

Shortly afterwards, Labour lost the General Election, but what Britain then did to overthrow Musaddiq has never been publicly detailed. Mr "Monty" Woodhouse's memoirs correct this, the section of them dealing with Iran, proving a fascinating tale of subversion and intrigue. He had just taken over a top post in the newly-constituted MI6 and gone to head British intelligence in Tehran.

He decided Musaddiq had to go and went about creating the king, named, "The 'Asses' be assembled for 'Operation Boot'—included the 'Brothers', the some wealthy merchants able to rouse the bazaar and street mobs; a school-fellow and a former tutor of the raw young Shah; a dissident acting Minister; tribal leaders in the south; a load of small arms flown in by the British air attaché; and copious quantities of gold sovereigns.

Mr Woodhouse soon had to hand this motley lot over to the U.S., as Musaddiq ordered British diplomats out. His plans then lapsed, but Mr Woodhouse takes the story on to how he set out to persuade first the

Foreign Office, and later the CIA and State Department of the need for Operation Boot. The growing possibility of Communist takeover and the advent of Eisenhower and the Dulles brothers in Washington tipped the scales in his favour.

Mr Kermit Roosevelt was sent to head the CIA's efforts to build on Woodhouse's plans—as Roosevelt has described in his book, Countercoup. Churchill rode roughshod over doubts in the Foreign Office, and Mr Woodhouse, by then in Japan, was able to celebrate the downfall of Musaddiq in Kyoto, "a dream-land of Japanese beauty, refreshed also by a sense of success."

Iran was the second country whose history Mr Woodhouse, still only 36 years old, had influenced. Indeed, about half this elegant autobiography is concerned with his earlier two years with the Greek resistance during the Axis occupation, for which he is best known. Flown in to the Greek mountains in "Operation Herring", to help the Greek guerrillas, he had rapidly found himself in the centre of the bloody wrangle over Greece's post-war future, which was later to divide British opinion.

Many believed that EAM-ELAS, the largest and most active guerrilla force, should be helped, even though it was pro-Communist. But Churchill and most of the Foreign Office were determined to bring back a king, named, by collaboration with Greece's pro-western dictator, in order to prevent Greece falling under Moscow. Mr Woodhouse did much to ensure the success of Churchill's

policy. He has previously written of these years, yet Something Ventured not only brings the events to life, but tackles how history will judge what Mr Woodhouse left behind him in both Iran and Greece.

"It is easy to see Operation Boot (he admits) as the first step towards the Iranian catastrophe of 1979 (just as it is easy to see Operation Herring as the first step towards the Greek civil war)."

Several may, in fact, insist on this as a final judgment, but they should first read Mr Woodhouse's account of how the fear of Communism made Britain act as it did. Where the wisdom of hindsight is concerned, he supplies it less to the policies he carried out than to those which followed in particular Britain and the U.S. falling "so abjectly" to keep the Shah on a reasonable course.

Having influenced two countries' history, what did he achieve at home? Director-General of Chatham House, education director of the CBI, twice a Tory MP, and twice a Junior Minister—it is only by his own early standards that some might find this record disappointing.

A romantic, "Monty" Woodhouse, regrets he was not born in 1417, to enjoy the early Renaissance. His memoirs, self-aware, witty and stylish, are those of a man who has lived fully and reflects well the ruling attitudes of his time. They make one look forward to his biography of President Karamanlis of Greece. But they also make clear how the generation which rose to the challenge of war could have trouble in coming to terms with peace.

One girl's war

BY VALERY MCCONNELL

Little Resistance by Antonia Hunt, Leo Cooper/Secker and Warburg, £6.50, 148 pages

Don't be put off by the dust jacket drawing of an Anthony Valentine look-alike Nazi staring out—this is not a Cold-type story of derring-do. It is the true account of a teenage girl's experiences in Occupied France: left behind with an aunt by unsuspecting parents who thought that the war would never reach Brittany and would be over in a year anyway. Five years later she returned to England, having lived through internment, escape to Grenoble on false papers, and several months' solitary confinement in a Gestapo prison in Paris.

She was very much an innocent abroad. Even her involvement with the Resistance, which was unintentional, and perhaps it was this schoolgirl naivety which proved so irresistible to men. Whatever the stimulus, it

provoked no fewer than seven lovers to turn up in various parts of France; all I am glad to say, with entirely honourable intentions. By far the most bizarre was the young Gestapo interpreter who was present at her interrogations. His incongruous passion almost certainly saved her from death, and—made more remarkable by the fact that she was desperately ill with septicaemia, undernourished, un washed, and covered in sores and boils—hardly a conventional object of attraction.

Throughout the war she stoically suffered immense physical hardship through ill-health and bad diet. A perforated eardrum, gastroenteritis, boils and appendicitis, as well as septicaemia, all had to be treated without any antibiotics. Yet, remarkably, she seemed to sail through it with a mixture of Cirl Guide spirit and Girl's Own romance.

The darkest episode in her story is not, strangely, when she is captured by the Gestapo but when she is mistakenly identified as a Jew, and narrowly escapes being taken to a concentration camp. She describes the unrestrained terror of the captive Jews and later contrasts this with the coolness and phlegm of the British colony in Grenoble, when they are rounded up by the Germans. (This seems unfair, Rich expatriates who believed in their country and the Geneva Convention must have had a very different perspective from stateless Jews who knew only too well what fate had already befallen countless numbers of their race.)

Antonia Hunt eventually fell in love with a Frenchman to whom she became engaged before she left for England. Having survived the Nazis, she was finally freed by her mother, who forbade her to return to France, as she disapproved of her daughter marrying a foreigner. Resistance, this time, proved useless.

Merry Stuart clan

BY JAMES FRENCH

A Royal Family: Charles I and his family by Patrick Morrish, Constable, £9.95, 292 pages

Patrick Morrish's theme is that until recent generations Britain's royal families have not been remarkable for mutual affection—except that is, for the Stuarts. From a very well-charted period of history, he produces a readable lucid account of the Stuarts in their family relationships.

Too many historical books assault one's brain with a wealth of detail impossible to assimilate—unless one is a Macaulay. Morrish gives sufficient background detail to give sense and coherence to the pattern he paints without overwhelming.

guitar and barpsichord. She had the gift of unaffected kindness, and of showing happiness and bestowing it on others—qualities which a lot of us like to see in princesses today. Minette had a strong cultural streak, with good taste in literature, art and music; Racine and Molière enjoyed her patronage.

The highly promising Henry Duke of Gloucester, died of smallpox, aged 20—he was Charles II's youngest brother—and in 1660, his sister Mary, also died of smallpox on Christmas Eve, after a highly eventful 29 years.

Vivid lives they led these Stuarts. They knew the heights of success, the depths of failure; joy and fun, and sheer despair—and the wealth of sharing the spectrum of emotions with a beautifully, and could play the

BUSINESS INFORMATION FOR SALE

I need to find out everything the press has written about this particular company — and fast.

Get in touch with McCarthy's. Their list of international publications is unrivalled.

Think of all those occasions when it would be enormously helpful to have in your hands a complete file of press cuttings on a rival company or on a sector of industry you want to expand into or on some other vital business topic.

News and comment from the world's press can be an important source of information. But getting hold of it can be time-consuming and frustratingly difficult.

That's where McCarthy Information can be of service.

Our experienced editorial team scours journals and newspapers from all over the world to compile information sheets on just about every area of business under the sun. To supplement these sheets we can provide the

latest Report and Accounts for any of the UK's quoted companies, by drawing on the MIRAC microfiche system.

You could, for example, choose to receive regular coverage of a selection of companies, from the UK, or overseas. Or on some specialist sector of industry.

The points is that you select the area of information and we provide the coverage — fast. Either in printed form, or for convenience of storage, on microfiche.

The service may well cost less than you think. To receive weekly coverage on a list of 20 UK companies costs around £200 p.a. A fair price for getting the right information.

Interested? Complete the coupon and we'll send you full details.

Your information is our business

McCarthy Information Services is a division of The Financial Times Business Information Limited, a wholly owned subsidiary of the Financial Times. Through its various divisions — which also include Business Information Service, MIRAC, FINTEL and International Business Newsletters — the company is able to provide the business world with a comprehensive range of information services.

To: The Marketing Department of Business Information Services, Bracken House, 1, Cannon Street, London EC4A 3DF

Please send me full details about McCarthy Information Services.

Name _____

Position _____

Company _____

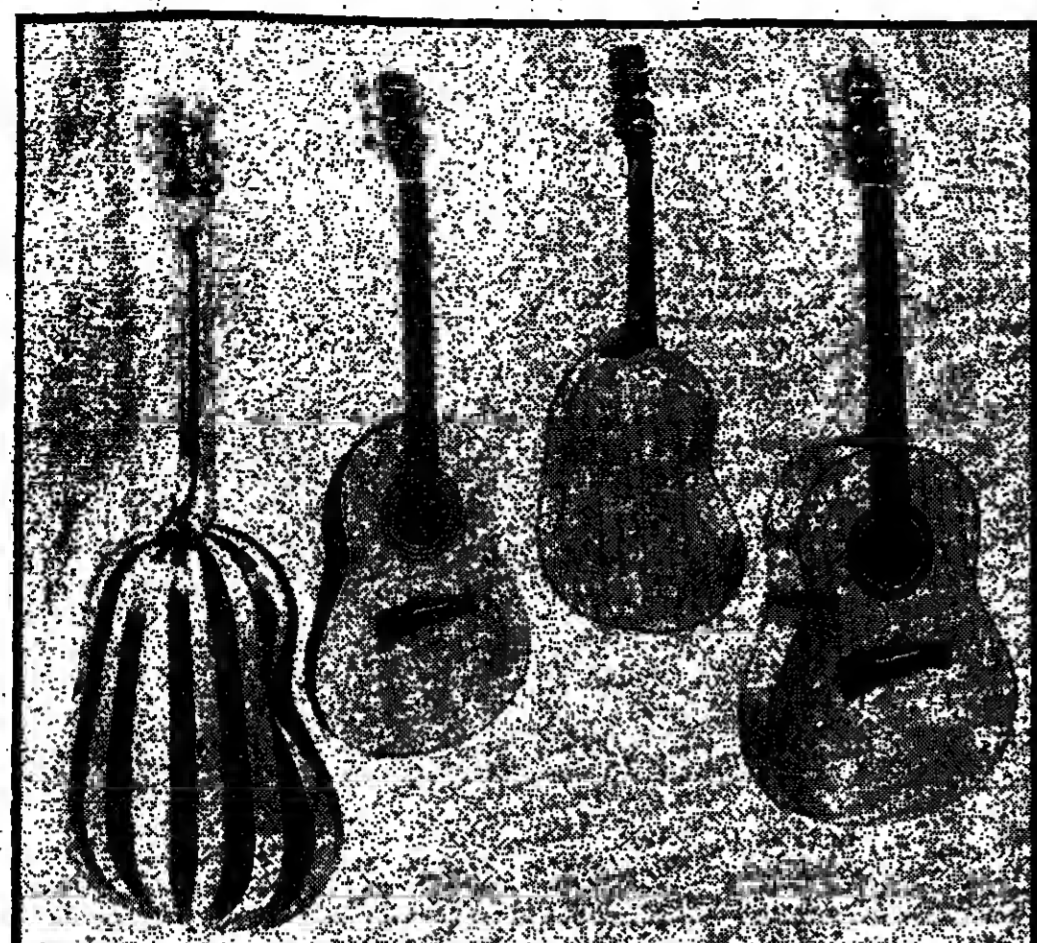
Address _____

Tel. No. _____

Nature of Business _____

HOW TO SPEND IT

by Lucia van der Post



Small is beautiful

COSIRA, as most people know by now, does a splendid job in offering support—whether financial, moral or promotional—to a whole host of small businesses. Many of them are one-man bands, waiting to know how to start, where to find premises, how to get hold of the starting cash, how to sell their wares—whatever the problem. Cosira is there, doing its best to make sure that these brave bids to go it alone have the best possible chance of success.

Brynn Hiscox is one of Cosira's proteges, though as he started by making his exquisite custom-built guitars in his own home and had enough cash and enough orders to go it alone he needed promotional and moral support more than a grant. Brynn Hiscox makes guitars to order—"I do not sell in shops mainly because of the shop work-up but also because I enjoy meeting the special

requirements that musicians want and do not want to make a dozen identical guitars to sit on a shop shelf."

He builds all sorts of steel string acoustic, classical and electrical instruments and anybody wanting a special one is welcome to go along to his workshop at his home at 81, New Road, Armitage, Staffs (tel. Armitage 491331).

Standard acoustic guitars start at £370 (if the price seems high, remember all are hand-made). However, in the last 18 months Brynn Hiscox has developed two new instruments which are very special—one is a scaled-down classical guitar for children, using the same fine woods as full-size models, which enable children as young as five or six to start playing. These are about £350.

The second model is the all-wood roundback acoustic guitar, based upon the "sound

projecting properties of the parabolic curve" which is said to give exceptional tone. See a selection of Hiscox models in the photograph above.

Another of Cosira's proteges is Alan Dawson, one of the re-emerging breed of artist blacksmiths. Most people associate blacksmiths with the rural necessities and don't realise that this new group is trying to develop applications of the art among architects, interior designers and the general public.

Until the middle of the 19th century there was a great deal of high-quality architectural wrought-iron work and craftsmen like Alan Dawson are seeking to re-establish the craft in the modern 20th century world. Since the 19th century new techniques and equipment have been developed—things like the arc-welder and modern power hammers—so that new designs



can be tackled. For instance, Alan Dawson explained that the 30 in high lampstand, photographed above right, could only have been made using these new techniques.

Anybody needing wrought-iron work of any sort, whether for a pair of grand garden gates or a simple fire grate or screen, or something as decorative and ornate as the lampstand can contact Alan Dawson at his workshops at Balnakiel Forge, Lamplugh Corner, Cocker-mouth, Cumbria.

Cane in colour

RAIN is an enchanting small specialist shop to be found just off Clapham Common at 20, Battersea Rise, London SW11. Started by Victoria Weymouth and Sarah Holland way back in 1973, it used to be in the Pimlico Road but has now reopened in Battersea where Sarah Holland lives and where she found it was difficult to buy locally many of the sort of things she liked. The shop stocks a whole variety of furnishing and home accessories, from something as inexpensive and simple as greetings cards and wrapping paper, right up to furniture and lighting.

Sarah Holland tries to give a seasonal look to the shop and so it is looking especially pretty at the moment—full of wicker and cane furniture and all sorts of co-ordinating accessories to match.

Perhaps the most interesting aspect to many who have been looking for wicker furniture is that the shop stocks a selection of it at prices that are very reasonable, but in addition will arrange to have it sprayed any colour the customer chooses—for those who have searched in vain for either plain white or one of the new soft pastel colours currently so much in fashion, this is an extremely useful service.

As well as a good selection of Indian bedspreads and



Anna Morrow

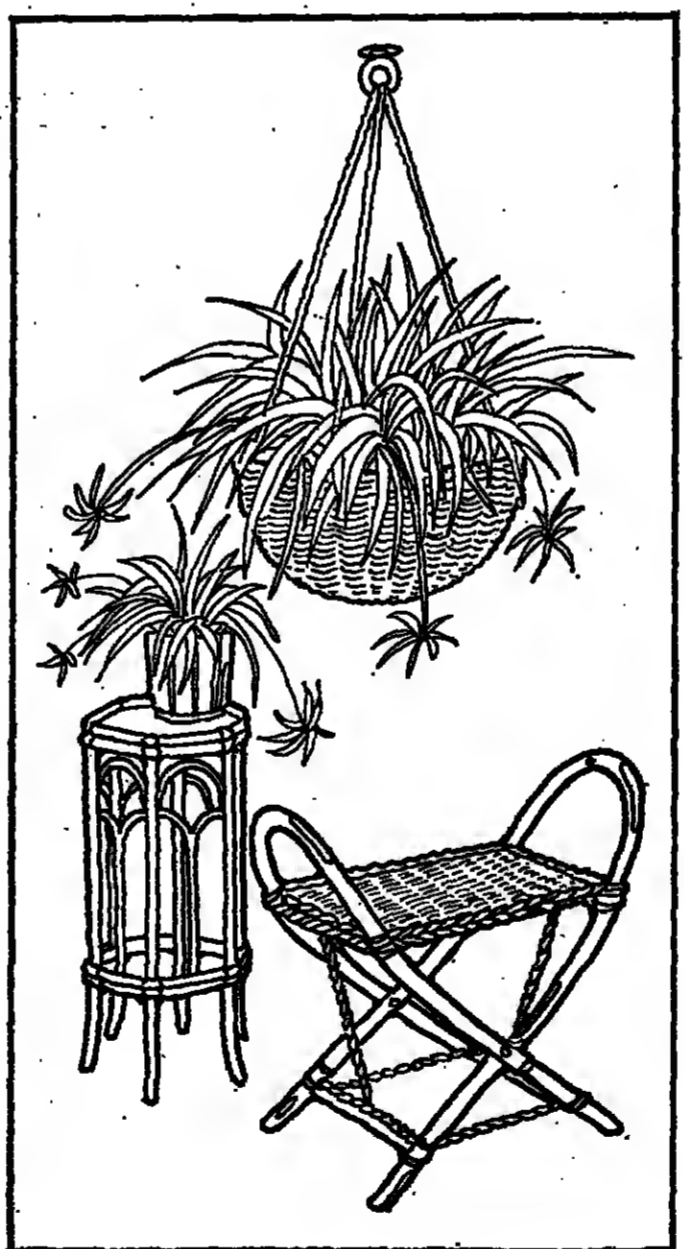
cushion covers, look out for masses of basketware—many make lovely plant-holders, a particular bargain at the moment is the selection of directors' chairs with canvas seats and frames in navy, red or white—these are slight seconds and are selling at £9.95.

Sketched above is a small selection of things to be found in the shop. The granny willow chair can be bought in natural willow for £36; sprayed any colour of your choice it is £45. There is a matching two-seater sofa, £55 stained any colour; £66 in natural. A matching oblong willow table, measuring 84 by 48 by 48 cms (a low coffee table) is £43 stained or £31.95 in natural willow.

On the table is an ornately floral metal table lamp from Italy—in pink or green, £39.60.

The group sketched right features bamboo furniture and basketwork. In front is a tribal chair—it looks lovely stained in dark colours, but, like all the furniture, can be stained any colour of your choice; £25.95 in colour, £19.75 natural. The large plant stand is £17.20 stained, £14.75 unstained—smaller sizes are also available.

The large hanging basket can, like all the basketwork, be stained any colour as well—£13.75 stained, £11.20 unstained. There are also two smaller sizes available.

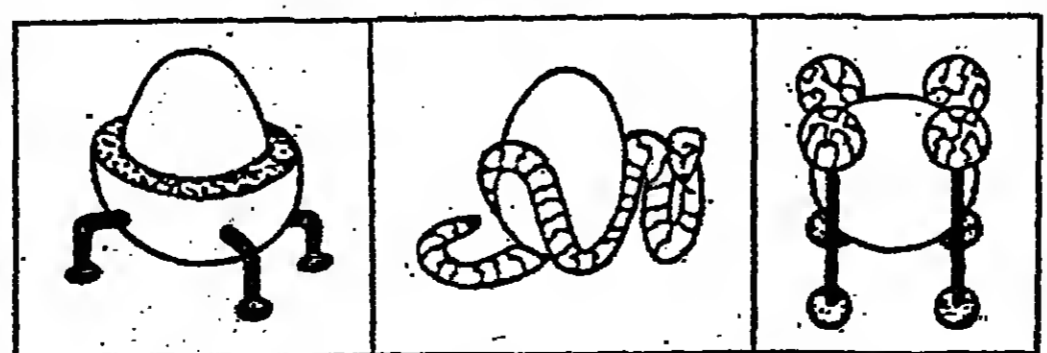


So eggciting

One-Off is a curious but intriguing cross between a shop and a workshop to be found in the ever-improving area of Covent Garden, at 33 Short's Gardens, Covent Garden, London WC2. Started by Ron Arad, a furniture designer who uses industrial tubing to make the most ingenious array of structures, it well repays a visit.

Keep Klamp is what Ron Arad calls his system and because the tubing is jointed and infinitely flexible he uses it for making trestle tables, storage, chairs, platforms (a particularly space-saving version puts a bed up on a platform leaving space below it for storage) and almost anything else that anybody wants devised. Ron Arad likes dealing with, particular and specific problems and will devise a solution to most space problems.

At the moment One-Off has a highly original exhibition of



egg-cups on display—devised as a way of celebrating the first anniversary of the opening of the shop. The egg-cups are not for those whose tastes run exclusively to the gentle vein of Laura Ashley and our traditional chinaware companies—they are almost without excep-

tion outrageous, intriguing, unconventional and tongue-in-cheek. Go and see them for amusement but don't take them too seriously. The exhibition runs until August 7.

Also tongue-in-cheek but surprisingly comfortable is the "sheep" chair or stool. It has

a wooden frame and legs, a rubber face and the "body" is covered in a real sheepskin, it is something of a cross between a piece of furniture and a sculpture—just the kind of thing to enliven any student's or teenager's bed-sitting room. They are £70 each.

Italian style

BY JULIE HAMILTON

A FEW months ago I went to Santa Maria Castellabate for four weeks to write a book in the peace and quiet of the Palazzo Belmonte. While I was there, I found myself swapping recipes with a group of teenage girls.

One of the recipes the girls gave me sounded so odd I could not imagine it, but when three of them presented me with a dish full of something called Aqua Sale, it turned out to be delicious.

Aqua Sale

Aqua Sale cannot be made very satisfactorily in England as we do not have the right kind of bread, but should you be taking your holiday in Italy, it is worth trying as a lunch-time snack. It takes less than five minutes to prepare and should be eaten at once, preferably with a glass or two of wine. The ingredients and

quantities required vary according to availability, number of people and taste; it is basically a bread salad.

Pane duro (literally translated, hard bread, sold in plastic bags ready for use); tomatoes, olive oil, salt, pepper, oregano, olives, cucumber, garlic (optional); capers (optional).

Break the bread up into bite-size chunks and place in a large earthenware bowl. Sprinkle a little water over it—not too much otherwise it will become soggy. Pinch the tomatoes to squeeze the juice over the bread then add the pulp. Chop the cucumber into small

chunks, slice the garlic finely and add them. Sprinkle with oregano, salt and pepper. Add the olives and capers, mix well and dress with olive oil. Eat at once, preferably in southern Italy!

Here is another recipe from the girls I met.

Minestra di Riso e Lentichie (Rice and Lentil Soup)

6 oz lentils; 1 onion chopped; 2 bay leaves; 4 tablespoons rice; 2 oz streaky bacon cut in strips; 3 sprigs parsley chopped; olive oil; butter; salt and pepper.

Wash the lentils well and simmer without salt, but with the bay leaves, in 1½ pints of water until tender (about 2 hours). Fry the onion with two tablespoons of olive oil and a knob of butter until the onion is transparent.

Add all this to the cooked lentils, from which you have not drained the liquid; also add the rice. Stir and simmer for at least 20 minutes, season to taste with salt and plenty of black pepper. This soup should be very thick.



Oval-shaped dish from the Vulcania range, glazed dark brown on the outside and light brown inside. Can be used in oven or on hob. 16ins or 12ins, £15.50 or £10, from General Trading Company, Soane Street, London SW1 or Heals of 196 Tottenham Court Road, London W1. Also from the Vulcania range is the Umidiera in four different sizes starting at £8 and going up to £20.

While in Italy, I created an Italian dish of my own which I have named Crepes la Torretta. I have since made it successfully with English ingredients, but will give the Italian as well just in case you can find them here or again, are likely to be holidaying in Italy.

Crepes la Torretta

serves 4

8 lightly cooked pancakes; 8 wafer thin slices of ham; 8 oz cottage or curd cheese; 4 oz ricotta cheese; 1 oz Mozzarella cheese; 1 oz freshly grated Parmesan cheese; 8 small mushrooms chopped; large sprig fresh

rosemary finely chopped; 1 or 2 spring onions finely chopped; 1 egg; 1 large egg of tomatoes; olive oil; 2 cloves garlic; salt and pepper; oregano.

Make a tomato sauce by putting the tomatoes through a Mouli to extract the pips and cooking them in the oil with the garlic and oregano until reduced by at least half. Season with salt and pepper. Cut the ham so it is roughly the same size as the pancakes. Push the cottage or curd cheese through a sieve, or use a Mouli; do likewise with half the Mozzarella, and combine the two together in a bowl. Add the Parmesan, mushrooms, spring onions and rosemary. Season with salt and pepper.

Lightly beat the egg and mix it to the cheese mixture. Lay one slice of ham on each pancake. Put a dollop of the cheese mixture on top of the ham, roll up the pancakes and place them seam-down side by side in a shallow baking dish. Slice the remaining Mozzarella so you can lay it along the centre of the pancakes in one line and cover the remaining part with the tomato sauce.

Bake in a preheated oven for about 20 minutes at gas mark 4 (350F). Do not let the top brown or dry out. If it shows signs of doing so, cover with tin foil.

Served with a salad, this makes a good supper dish, but would also make a delicious hors d'oeuvre at a dinner party.



Plain jar, used as olive jar. 15ins by 21ins or 11ins by 18ins, in terracotta only, £40 or £35, from Anne's Garden, Marham Street, London SW1. Right, raised bowl, machine finished, for outside use, in four different sizes, terracotta only, from about £10 to £45, from Jack Beantalk, Sydney Street, London SW2.

I have discovered a very good, very small, not overpriced Italian restaurant in Hampstead, London NW3, called La Riviera. What makes it good in my opinion is that it serves unusual and original dishes, mainly from southern Italy. One of these special dishes is called Broccolone da Platani. It is stuffed rolled rump or entrecote steak. If you wish to sample it, it will be necessary for you to order it in advance as it requires time to prepare and must be freshly made. Alternatively, make it at home.

Broccolone da Platani

serves 2

2 slices of rump or entrecote steak; 3 oz fresh Parmesan; 3 oz chicken liver; 2 oz ham or salami; 1 hard boiled egg;

2 spring onions; 1 oz butter; 2 teaspoons red wine; 1 teaspoon brandy; flour; a little oil; salt and pepper.

Finely chop the chicken liver, dice fairly small the Parmesan cheese and chop the ham or salami; combine all together. Cut the egg into quarters lengthways. Hammer the steak until very thin and spread the chicken liver mixture on it. Place the spring onion and egg on top of the stuffing and roll up tightly securing well with string. Dust with flour and brown in a little oil turning frequently.

In a flameproof dish with a lid or a shallow saucpan, melt the butter, add the wine and brandy, season with salt and pepper and a little finely chopped parsley. Transfer the meat (without the oil it has browned in) to the butter and

wine mixture and simmer covered for about half an hour. Serve with the juices from the pan, new potatoes and any simple fresh green vegetable. Remember to remove the string before serving.

Another scrumptious dish from Sicily served at La Riviera is Veal Palmettina. It is very simple to make and quite special to serve. Coat very thin slices of veal (you will possibly need to hammer them) in flour and colour them in hot oil. Discard the oil and pour a little Grand Marnier in the hot pan with the meat. Add butter, orange juice, sultanas and blanched split almonds which you have toasted. Cook gently for a few minutes and finally the reduced tomato sauce.



Cachepot, one of a large selection, prices start at £3.60, go on up to £24.50, depending upon size. Right, a collection of the Vulcania cookware, suitable for oven or hob. The bowl, 5ins size, is suitable for oven only and is £3. The casserole on the right comes in six sizes, ranging in price from £4.50 to £13. The Marmitta at the back comes in four different sizes ranging in price from £6 to £14.

Still under the influence of Italy, I have a new sauce of my own creation for spaghetti or tagliatelli.

Prawn and yogurt sauce

serves 4

½ lb peeled prawns; ½ lb button mushrooms; 1 large bunch of fresh thyme; 5 fl oz yogurt; 3 tablespoons thick double cream; 1 egg; 20 oz can of tomatoes; 2 large cloves garlic (fresh if pos-

sible); oregano; butter and oil; salt and pepper.

Make a tomato sauce by frying the garlic whole in olive oil and adding the tomatoes, which you have put through a Mouli to extract the pips. Season with salt, sugar and oregano. Cook until reduced until very thick and spread the sauce on a piece of parchment paper, removing any woody stalks, and in another pan (I use my wok) fry it gently in plenty of butter. Add the

mushrooms (halve them if they are not very small buttons) then the prawns and finally the reduced tomato sauce.

Keep hot, but not actually cooking until just before serving. Then combine the cream, yogurt and egg and beat them well together. Stir this mixture into the rest of the sauce and heat through. Add your chosen cooked pasta and plenty of black pepper and mix well together. Serve at once.

ALL the pots, whether for garden or kitchen, featured on this page are imported directly from Tuscany by Robert and Marzia Montagu, who run The Olive Tree Trading Company, which specialises in the terracotta and ceramic ware from that region. There is a whole range of glazed and unglazed tubs and dishes, ranging from the simplest, almost peasant-ware, to the

most ornate and elaborate cachepots suitable for gracing the terrace of a palazzo. The products are stocked by garden shops and departments all over the country but for a complete list of stockists write to The Olive Tree Trading Company at Church Wharf, Pumping Station Road, Chiswick, London W4.

Drawings by Anne Morrow

Roger Pearson

Probably the world's most exclusive furniture. The Brampton is hand carved in my workshop in glowing white Carrera marble and lovingly hand finished.

For details of this—and a huge range of period furnishings at low direct prices—contact me at Whitworth Street, Bournemouth. Tel: (0202) 747871

COLLINGWOOD
OF GREAT BRITAIN

To meet the requirements of the jeweller, the watchmaker and the collector, we have a wide range of antique and modern jewellery of the highest quality and value. We also have a large stock of watches and clocks of all makes and prices.

15, Regent Street, London W1A 1AB
Tel: 01-753 3004

Saturday July 31 1982

Money, debt, self-delusion

OVER HERE and over-borrowed might be the uncharitable European verdict on the plight of International Harvester, the troubled U.S. multinational maker of trucks, construction equipment and agricultural machinery which unveiled last-ditch plans for a restructuring of its huge debts this week.

Massey Ferguson, also well represented in Europe, has already travelled the same uncomfortable path. And it has not, in other respects, been a very cheerful week for corporate America. The attempt by IBM to launch a challenge in the British courts against alleged "buy British" public purchasing policies failed to clear the first hurdle; the indigenous British computer manufacturer ICL is naturally delighted. Frenchmen have been similarly pleased at the spectacle of the loss-making French subsidiary of International Telephone and Telegraph, the arch-multinational, being knocked down to President Mitterrand's government for a mere \$51m after a one-sided negotiation. Where is the American challenge now?

In reality the challenge always existed mainly in the eye of the mercantile holder. True, the U.S. in the 1980s enjoyed a unique freedom from international constraints in financing its balance of payments deficits. American multinationals were able to buy up European companies on the cheap with an overvalued dollar. But the overvalued dollar and the U.S. balance of payments deficit were the counterparts of undervalued currencies and payments surpluses elsewhere. By taking on the reserve currency burden in the Bretton Woods system the U.S. effectively underwrote the post-war recovery of West Germany, France and Japan—which were able to keep their exchange rates consistently undervalued—while contributing to its own economic weakness.

Perception can also be at variance with reality where the power of multinationals is concerned. The performance of American companies in Europe has been decidedly mixed. The notion that giant corporations from the other side of the Atlantic would cut a swathe through the small and disorganised ranks of European industry has proved ill-founded. Yet it is not increased European competition which has necessarily been the chief cause of the troubles of those North American companies that are now struggling with an excessive burden of debt.

In large measure they are paying the penalty of past management errors. But their difficulties have been aggravated by an American economic policy intended simultaneously to

bring down inflation and to permit the U.S. to reassert its power and influence in the world. The dollar is once again overvalued on trading grounds. That reflects not monetary laxity, but a combination of fiscal ease, tight money and consequently high real interest rates. The inflationary tide is on the ebb and some large corporate whales have been left high and dry.

Recession and high real interest rates, now beginning to ease, have been taking their toll in Britain, too. The Confederation of British Industry has become increasingly outspoken in its demands to the Government for some relief. Engineering shares came under heavy pressure in the stock market this week and there are fears of another round of redundancies and plant closures.

Meanwhile the painful process of industrial adjustment continues. A process not helped by those members of the English Institute of Chartered Accountants who came close this week to stopping the accountancy profession's experiment with current cost accounting in its tracks. The return to the comfortable historic cost accounting system that some conservative desks would unquestionably deem more seductive figures out of manufacturing industry. But it would not do anything to stop bankruptcies or save jobs. Had any system of inflation accounting, however imperfect, been in operation earlier, reserves might have been less heavily eroded and more companies kept afloat.

Nor are those left behind by the inflationary tide confined to the manufacturing sector, as the emergence of Zaire in search of further rescheduling served to remind this week. Just as debt-laden corporations have been hit by the emergence of high real interest rates, so have sovereign borrowers. The process of recycling looks more and more a case of hankering self-delusion as the casualties become increasingly apparent.

Perhaps the most unusual of the institutions to find itself exposed to the new chill wind is the Vatican, whose state bank, the Istituto per le Opere di Religione appears to have borrowed substantial sums from the troubled Italian Banco Ambrosiano group. A huge adjustment has been taking place in the financial system since real rates of interest began to emerge and disinflation set in. With short-term interest rates coming down in the U.S. the pressure is beginning to lift a little. But heavy debts accumulated when real interest rates were negative remain. Further shocks are bound to come. That is the price of eliminating the money illusion.

Letters to the Editor

Airline's future

From the Labour MP for Huddersfield East Sir,—The future of a national airline is necessarily of public importance, and I was therefore disappointed in the response of the Department of Trade to the Questions in the House of Commons on July 19. I have accordingly written to the Secretary of State, asking him to give a clear reply to certain important questions.

It occurred to me that the announcement in the Press of a reduction in British Airways staff of 7,000, to 35,000, by the end of the year would have been given a little more circumstantial detail, had it been preceded by proper consultations with the British Airways Executive and with staff representatives. If such consultations had not taken place, and the announcement was merely a precipitate response to demands for economies, what grounds do we have for assuming that the new "slimmed down" airline will be more efficient than the old?

There should surely be firm criteria governing the shape of any restructuring which is to be the product of any programme of staff reduction, yet there is no indication that there has been any clear identification of areas of over-manning in which redundancies are to be concentrated. I have suggested to the Secretary of State that the collapse of Laker Airways provides an admirable picture of the consequences of maintaining a doctrinaire commitment to unrestrained price competition, at the expense of considerations of proper financial management and long-term economic assessment. In considering the future of British Airways, should we not profit from this example? Finally, I have asked the Secretary of State if he is in a position to refute the substance of

Press reports in which it was estimated that British Airways' losses overall, including the cost of the proposed redundancies, would amount to some £300m for the year 1981-82, and in which it was concluded that more than "creative accounting" would be needed if British Airways is to be made attractive to private investors. The Government will be asked to write down British Airways' debts of £1,000m, most of which is owed to commercial banks, as a prelude to privatisation. It was suggested, I should like the Secretary of State to confirm or refute this assumption. Barry Sheerman, House of Commons, SW1.

Salmon farming

From the chairman of the Scottish Salmon Producers' Association Sir,—Your correspondent's report (July 15) about the decline in British salmon returning to breed because of over-fishing, highlights the significance of a successful salmon farming industry in Scotland. This is vital if the Scottish salmon industry is to be able to supply its wholesale and retail customers with the kind of volumes they demand. Already, 70 per cent of the salmon eaten in the UK is imported. For their part, these companies which rear Scottish salmon in the sea lochs of the Western Highlands and Islands have increased their production from 600 tonnes in 1980 to a projected 2,000 tonnes in 1982, so overtaking the UK wild salmon catch. By 1985 we are confident that half of the entire UK salmon consumption of 9,000 tonnes will be sourced from our members. In so doing, we anticipate the creation of more than 1,000 new jobs in the next five years. Indeed, we are currently taking steps to increase consump-

ALASKANS—the blue-eyed heirs of the North as many Americans like to call them—are getting an early Christmas bonus from their local government. The state, by far the country's largest in size but the smallest in population, has started mailing thousand-dollar cheques to all its 418,000 residents.

The cheques are the first instalment of a novel concept in "people's capitalism." Every year, Alaskans will receive a dividend from the state as their direct share in the oil wealth which has transformed the once impoverished 49th state of the union into a billionaire in a few short years.

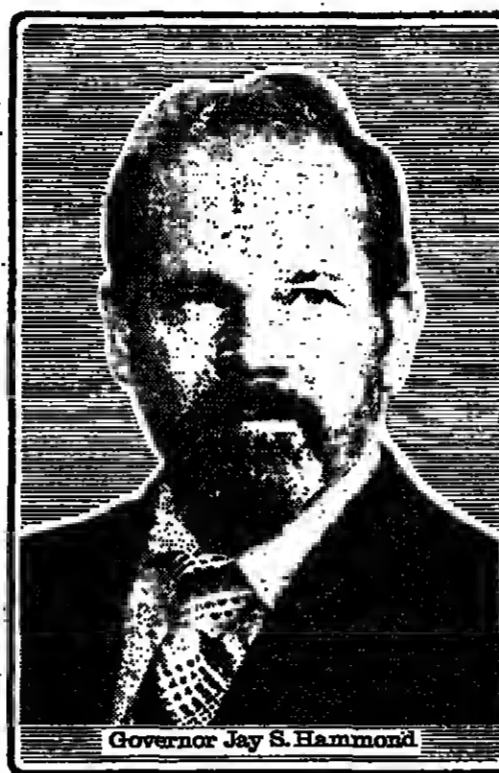
The dividend programme, which dominates every conversation in Alaska, is at the centre of a mighty row that has gone right up to the U.S. Supreme Court.

Consider, as Alaskans like to refer to anyone living in the lower 48 states, tend to regard the scheme as an example of Alaska's nouveau riche mentality. Surprising as it may seem, heavy pressure in the stock market this week and there are fears of another round of redundancies and plant closures.

Meanwhile the painful process of industrial adjustment continues. A process not helped by those members of the English Institute of Chartered Accountants who came close this week to stopping the accountancy profession's experiment with current cost accounting in its tracks. The return to the comfortable historic cost accounting system that some conservative desks would unquestionably deem more seductive figures out of manufacturing industry. But it would not do anything to stop bankruptcies or save jobs. Had any system of inflation accounting, however imperfect, been in operation earlier, reserves might have been less heavily eroded and more companies kept afloat.

Nor are those left behind by the inflationary tide confined to the manufacturing sector, as the emergence of Zaire in search of further rescheduling served to remind this week. Just as debt-laden corporations have been hit by the emergence of high real interest rates, so have sovereign borrowers. The process of recycling looks more and more a case of hankering self-delusion as the casualties become increasingly apparent.

Perhaps the most unusual of the institutions to find itself exposed to the new chill wind is the Vatican, whose state bank, the Istituto per le Opere di Religione appears to have borrowed substantial sums from the troubled Italian Banco Ambrosiano group. A huge adjustment has been taking place in the financial system since real rates of interest began to emerge and disinflation set in. With short-term interest rates coming down in the U.S. the pressure is beginning to lift a little. But heavy debts accumulated when real interest rates were negative remain. Further shocks are bound to come. That is the price of eliminating the money illusion.



Governor Jay S. Hammond

being ploughed back into the fund. The first dividend cheques, being mailed now at a rate of 10,000 to 15,000 a week to residents, represent the share of interests due to Alaskans which have been accruing during the past three years when dividends were not distributed. As a result, the Governor estimates that the pay-out next year will be substantially less—about \$300 to \$400 per resident.

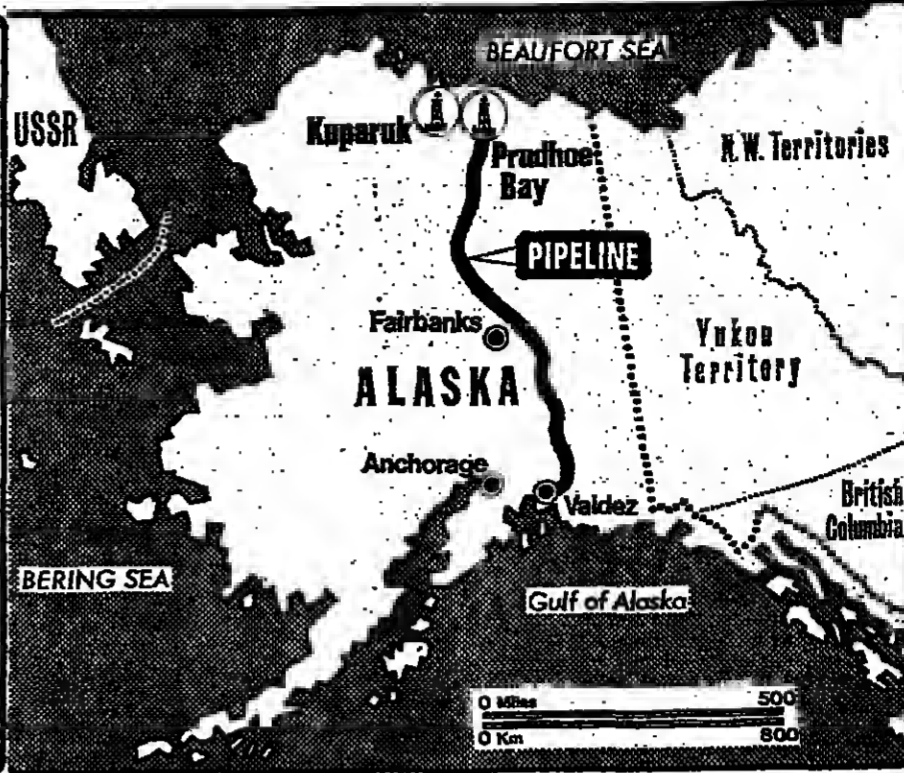
Governor Hammond argues that the dividend programme is a way of attempting to curb Government spending, especially in favour of special interest groups. "The problem for Alaska, which is still way behind the times, is that there is still a strong inclination to go on a wild spending spree and try to do everything for everybody all at once." He emphasises that the state has no intention of reducing its expenditures on basic infrastructure and social services and acknowledges that it must spend a significant portion of its oil wealth in long-term programmes for the Alaskan economy. "We recognise that the current oil wealth is ephemeral but the permanent fund can create a collective public spending pressure to counter runaway state spending in a whole bunch of wasteful investments."

Ballooning oil revenues have turned Alaska into a politician's dream: especially in an election year like 1982. The state currently offers a broad assortment of subsidies. Governor Hammond contends that many—including subsidised loans for housing or special projects—are nothing less than a "disguised tax-free dividend to certain special groups." "I find it somewhat ironic," he says, "that many of our critics are currently benefiting from huge state loans. The public should recognise that a loan subsidised at 5 per cent or less than market rates is the equivalent of a dividend. It's a rip-off."

ALASKA'S OIL WEALTH

A pay-out for the people

By Paul Betts recently in Anchorage, Alaska



Bob Hutchison

However, Governor Hammond is far from happy with the current dividend scheme. Originally the state wanted to pay dividends to its residents on the basis of how long they had lived in Alaska. Each inhabitant would have been entitled to \$50 for each year of residence since 1959, the year Alaska became a state. Thus, a one-year resident would have received only \$50 this year while a long-term inhabitant might have been entitled to a maximum of \$1,050. But the scheme was challenged by two lawyers who had moved to Alaska and who claimed that the state had no right to discriminate among residents on that basis.

After three years the case went before the Supreme Court,

which ruled last month that the plan violated the U.S. Constitution's guarantee to all citizens under the 14th Amendment of "Equal Protection under the Law." The state got round the ruling by approving a new share-the-wealth scheme, giving everyone who had resided in the state for at least six months a \$1,000 dividend this year.

For the Governor, the Supreme Court's ruling was a disappointment. He says the original scheme made far greater sense because it was designed to give the state a more stable population base at the same time as to encourage saving rather than spending. With the current system, the Governor fears there is much more of a risk of people pressing the state to sell off Alaska's

vast resources as fast as possible for high short-term dividend gains. In turn, this could encourage speculators to come to Alaska, take their money and run. Indeed, this has been a recurring theme in Alaska's boom-and-bust economic tradition. First came the fur trade boom in the 1700s, then the great Klondike gold rush a century later, and now the oil boom, although the current International oil glut has taken the edge off this. For all the state's oil bounty, most of Alaska is still years behind the rest of the country. Most parts of the state genuinely live up to the inscription: "America's last frontier" on all Alaskan number plates.

Novel as the dividend scheme is, Alaska is not alone in experimenting with "people's capitalism." In Britain a proposal to share the North Sea wealth has been put forward (see panel) but has not so far proved politically attractive. In British Columbia, a scheme was started in 1979 to enable citizens to participate directly in the ownership of the province's natural resources.

But the British Columbia scheme is proving a disaster and it has become the hottest political issue in the Canadian province. Today, British Columbians refer to it as "the biggest joke in the West." Alaska's Canadian neighbour took a different approach to wealth-sharing. At the beginning of 1973, the Provincial Government of Premier Bill Bennett decided to transform the government-owned British Columbia Resource Investment Corporation (BCRIC) into a public company. The idea was to encourage citizens to participate in equity investments based in British Columbia.

The Provincial Government offered all citizens who had resided at least 18 months in the province five free shares each in BCRIC. At the same time residents were given the option to buy up to 5,000 shares

each in the company at \$10 a share. Some 2m British Columbians applied for their five free shares—and many bought additional shares. At the end of the day, BCRIC raised about \$487.5m in cash from what was the biggest common share issue in Canadian corporate history.

The shares were first traded on the Vancouver Stock Exchange and subsequently on the Toronto Exchange. The stock opened for trading on August 7, 1979, at \$46.125 and, as excitement grew, went up to more than \$99. But this revolutionary innovation in "people's capitalism" turned sour.

BCRIC, which said it would not pay dividends in its early years, using its funds to finance expansion, went on a costly, ill-planned spending binge. Among other deals, it acquired for \$950m a 67 per cent stake in Kaiser Resources, the largest producer of metallurgical coal in Canada, which was renamed British Columbia Coal. Eventually, BCRIC grew into a corporation with assets of about \$2bn.

The distribution of these assets explains why the company has fallen on hard times: 52 per cent of assets are in mining—currently facing a severe slump—about 25 per cent are in forestry products, also facing bad times, about 10 per cent are in energy exploration with the balance in other investments. BCRIC stock, which at one stage reached a high of \$99.25, has since collapsed to the \$25 level. Small wonder that citizens who acquired stock for \$10 are upset. Indeed, at the BCRIC annual meeting last year some shareholder accused the company of ruining his life and marriage. Many first-time shareholders, surprised with the way the share-the-wealth programme had gone, booted their discontent.

The Alaskan experiment is unlikely to be a failure in the same way. Alaskans have not been asked to assume any risk in the dividend programme. As long as the permanent fund is soundly managed, residents will keep getting their annual cheques in contrast to the British Columbian scheme, Alaskans do not own a tangible share in the form of a paper instrument in the fund which they can capitalise. To all intents, the system is much more simple. It is no more than a distribution of part of the state's income to the people.

For critics of the Alaskan scheme, the dividend programme is a wasteful use of assets which could otherwise be employed in more lasting economic investments. For the Governor, it gives the citizen the right to make some of the decisions on how Alaska's oil money is spent. The Governor, a Republican, emphasises that an important part of President Reagan's programme is the concept of New Federalism, or the recognition that state government is often better equipped to conduct its own affairs. "My view is that the dividend programme extends this concept to what I call a new individualism. We are going right down to grassroots federalism."

THE SCHEMES COMPARED

GOVERNMENT REVENUES from the exploration of natural resources are fantastically different from ordinary tax revenue and represent a vast wealth which it collects on behalf of its citizens. The advantage of direct dividend distribution is that citizens receive their share of revenue—an equal amount per head—irrespective of their income from employment.

Direct distribution imposes a check on any backdoor attempt to use the revenues for government spending. In a scheme for North Sea oil proposed by Barry Elley and myself (most recently in a People's Stake in North Sea Oil, Liberal Party Publications Department, 1980) it was proposed that the right to such dividends should be marketable and thus have a capital value—we estimated the stake to be worth \$4,000 for the average family. This feature is absent from the Alaska scheme. Both versions have, however, the advantage of making individual citizens aware of fluctuations in oil

prices and should induce an automatic and gradual tapering off of expenditure by households when revenues from natural resources eventually decline, without the need for Government action. The British Columbia scheme is different as it distributed shares in a development corporation as distinct from rights to tax and royalty payments.

The main reason why such schemes have not been taken up by the British Government is the tight budgetary position. If North Sea oil revenues, which may approach \$2bn per annum this year, were subtracted from normal tax receipts, the Chancellor would not be able to contemplate any pre-election tax cuts and might well have to increase the average citizen's wider area would be no answer to the problem. When Mr Bolton talks of the industry "appealing for yet more financial aid" he is really out of his depth. The hotel and catering industry receives precious little financial aid compared to other industries. In asking for an increase in industrial building allowances we are merely seeking restoration of the differential with manufacturing industry which existed until recently. And in seeking a lower rate of VAT on hotel accommodation we are asking only for parity with the majority of EEC countries with whom we must compete for business.

Samuel Brittan

tion, and lower retail prices, by creating greater awareness for this excellent local fish with the retail trade and the public. Barry Nestel, Scottish Salmon Information Service, 26, Fitzroy Square, W1.

Post Office profits

From Lord Camoys, President of the Mail Users' Association Sir,—Your articles on the Post Office (July 23) rightly highlighted the improvements in profit and productivity. The Post Office has also made noteworthy improvement, namely, in the presentation of its Annual Report.

In addition to meeting the considerable task of presenting the figures on a current cost basis, extensive information on performance was presented either for the first time or in a new format. This was a most positive response to the recommendation the MUA made to the recent Parliamentary Select Committee enquiry into the Post Office and sets a standard in public accountability for other State corporations to match. Camoys, 137 Dulwich Road, SE24.

Waterworks cost

From Mr Roland C. Rench Sir,—Mr Tom King, the Minister for Local Government and Environmental Services, has recently announced measures which it is hoped will bring about a much-needed shake-up in the water industry. It is not a moment too soon. We living in the Thames Valley area have been particularly unfortunate over the past few years in having to pick up the bill resulting from inefficiency and extravagance as exemplified (to name but a few instances) by excessively manned junksies to all parts of

the globe, massive annual deficits on farming activities and an uneconomic recreation club where even the bar made a loss! Now, just to keep us on our toes, we are obliged to finance the entertaining of some 300 guests attending the opening of a water treatment works in Reading. Even their chauffeurs have not been forgotten. At this rate even the completion of a new bicycle shed will call for some sort of bing.

I believe it was in 1976 that in referring to certain unacceptable aspects of local government reorganisation, the late Anthony Crosland declared: "The party's over." But it has never stopped in the water industry—and what is more, it is carrying on with renewed vigour. Roland C. Rench, Deputy chairman, Reading Ratepayers Association, 12 Lima Court, Bath Road, Reading.

Hallmark checks

From Mr Hamill Westwood Sir,—Hallmarks on gold, silver and platinum play an important role in consumer protection and are looked on as a guarantee of the quality of the precious metal on which they are struck. Hallmarks used to be impressed only after every article sent to the assay office in a parcel of work had been sampled and tested. I am told that today less stringent checks are made and, to save expense, parcels of work submitted for hallmarking are now only spot-checked. That is, if, say, 100 rings are submitted in a parcel, only five of them are sampled. If the tests on these five are satisfactory then the 95 other rings are hallmarked, although none of them have been tested. This is a dangerous practice and my fears have been confirmed by being shown by manufacturers base metal articles, only gold or silver plated, which

have been hallmarkd after being sent, by accident, to an assay office. Another dangerous practice is the hallmarking of discs fixed to gold or silver chains. The chains are too delicate to bear a hallmark so a small disc is added. It is very easy to remove these hallmarkd discs and to fix them to base metal chains which have been gold or silver plated. Numbers of such chains have been found.

No hallmarking system can have 100 per cent certain but the public are entitled to know the degree of risk they run and the exact nature of the protection provided. Hamill Westwood, Former Assay Master, 23 Warwick Court, Arthur Road, Edgbaston, Birmingham.

Aid for tourism

From the chief executive of the British Hotels, Restaurants and Caterers Association Sir,—It is predictable but nevertheless regrettable that Mr Brian Bolton of the Transport and General Workers' Union should apparently choose to deliberately misinterpret the call of our chairman, Mr Eric Hartwell, for tourism aid in order to make political points of his own (July 24). Mr Hartwell, in his address to the annual meeting of this association, was highlighting the fact that tourism currently earning some £4,000m per annum could be earning this country £7,000m a year in foreign currency by 1984 and create many more jobs in the process.

He rightly criticised the Government for failing to recognise the importance of tourism to the economy until the tourism account fell into a £286m deficit last year. It took this industry six years of intensive campaign-

Advertisement for R.J. Hoare Leasing Limited. Text: "We set more wheels in motion. To keep both your people and your cars running smoothly, R.J. Hoare Leasing Limited provides a unique level of service, plus a unique support package. In fact, these services are so highly sophisticated and comprehensive, they offer you the information on Fleet Operations which, up till now, has been virtually unobtainable. As for the cars themselves, R.J. Hoare offers every range of vehicle currently available in the U.K. R.J. Hoare Leasing Limited. The driving force behind modern-day leasing. For further details, write or telephone. Or send the coupon." Includes a coupon form with fields for Name, Company, Address, and Postcode.

Ticket discounting is now big business in the airline industry. Michael Donne, aerospace correspondent, looks at the controversy

Behind the bucket shop boom

A LARGE section of the world air transport industry has been working itself into a near-frenzy this week over "ticket discounting" — the sale of tickets to passengers through so-called "bucket shops" at rates well below the officially approved levels.

The 117-member International Air Transport Association passed a resolution in Geneva declaring that it intended to tighten up on the practice.

At the same time, British Airways revealed that it was conducting its own internal inquiry to determine precisely how much discounting it is involved in — it does not seem to know — and incidentally to try to uncover any possible fraud that there might be.

Both organisations are likely to find their respective tasks much harder than they imagine. For discounting is practised either covertly or openly by a large part of the world air transport industry. While IATA's 117 members may bewail discounting, there are probably nearly as many airlines, scheduled and chartered throughout the world, who regard discounting as a legitimate method of conducting business. IATA members follow suit to protect their own positions in the market.

No one really knows the extent of the discounting, although IATA reckons that the practice annually costs its members around \$1bn a year — the difference between the official rates and the amounts at which the discounted tickets are actually sold. But it is far from clear that the airlines would have been able to sell the tickets at their original face value.

In the UK alone, it is estimated that some 5m tickets — worth several hundred million

pounds — may be sold annually at cut prices. That compares with total UK passenger traffic of 58m a year.

Whereas top management (as in British Airways) expresses its disquiet at what it regards as an undesirable practice, the staff down the line in BA and many airlines which have to fight for business in a recession-hit and increasingly competitive market have to accept discounting as a basic fact of life.

The practice has only become

CUT-PRICE FARES

Destination	Cut-price ticket	Scheduled Economy
Atlanta	£270	£295
Auckland	£385	£499
Bangkok	£179	£616
Bogota	£210	£564
Cairo	£190	£274
Caracas	£210	£546
Colombo	£179	£516
Dallas	£261	£322
Delhi	£179	£460
Houston	£261	£322
Kuwait	£200	£348
New York	£133	£190
Singapore	£199	£627
Sydney	£299	£334

* Representative rates only: many rates are obtainable with wide variations.

† Basic economy rates only: in many cases, cheaper excursion or low-season rates are obtainable.

All figures for single fares.

rite in recent years because of the economic difficulties in which the airlines have found themselves. In a booming business where the airlines could sell nearly all the seats they offered, discounting hardly

existed. But the recession has curtailed the growth of air travel. Soaring costs and heavy losses have forced companies to find as many ways as they can of filling their aircraft. In the U.S., where the effects of recession have been compounded by the effects of deregulation (intensifying competition and giving airlines virtual freedom to fly what routes they choose), there have been fierce "fares wars" that have already driven Braniff into bankruptcy and may yet send others the same way.

In Western Europe, where the liberalisation of air travel has been much slower, with governments retaining substantial controls over airline operations, fares wars for the most part have not occurred, although competition has got stronger. In some other parts of the world, such as Africa, the Middle East, South East Asia and South America, where many airlines are subsidised by their governments, and are perhaps not members of IATA, discounting has been a fact of business life for years, and is getting worse, as the scramble for passengers continues.

Some time ago, British Airways publicly began a controlled policy of discounting on routes to South-East Asia and the Far East because it was being undercut too badly by its competitors. This scheme has virtually ended, because it was itself being undercut by the volume of unofficial discounting that was and still is going on.

Discounting, then, is not something dreamed up by the disparagingly named "bucket shops" — which are in effect no more than retailers of discounted air tickets.

The "bucket-shops" could not exist without the airlines. They can only get the tickets

from the airlines, and the fact that the airlines honour those tickets is proof that they come from bona fide sources. Otherwise, anyone with a ticket bought in a "bucket-shop" would be turned away at the airline ticket desk. Moreover, some of the retail outlets or agencies that deal in cut-rate tickets also sell full fare ones.

How does the system work? An airline which is finding it difficult to sell seats on particular flights (and this is especially so on high-value, long-haul flights), quietly sells to the discount shops a number of tickets at a rate lower than the official fare. The discount shops buy them openly at the rate asked. It is then up to the shops to sell the ticket for what it can get.

Mr Riaz Dooley, the engaging, extrovert chairman of Dooley Travel Group and self-styled "King of the Bucket Shops," points out that "if the airlines really wanted to put the bucket shops out of business, they could do it."

"But they can't afford to do it. Bucket shops move millions of tickets other agents cannot sell. Some airlines would be in serious trouble if they stopped this sort of traffic."

Mr Dooley, who runs several travel shops in London and has a network of 44 agents around the country, points out that some people still refer to bucket shops as though they were "one room offices in a dark side street above a porn shop." Those days, he stresses, have gone — and the discounters are here to stay. His own Travel Bazaar is a spacious, well-lit, comfortable and very well run shop.

He has strong views on the IATA strategy earlier this week, seeking action to reduce, if not eliminate, discounting.



Mr Riaz Dooley, chairman of Dooley Travel Group — "Bucket shops move millions of tickets other agents can't sell."

He said "there is no way that a Conservative British Government committed to free enterprise and free competition can hack measures that can only harm consumers who are seeking to travel cheaply at fares which are not kept artificially high. Although some British airlines may pay lip service, as they have done in the past, to IATA's call, they cannot afford to lose the revenue that cut-price tickets generate."

"What will happen is that the world airlines who do not belong to the IATA will step up their discounting and cream

off the revenue that would have gone to the IATA companies. Does IATA really believe that an Iron Curtain or Third World airline which desperately needs 'hard' currency will stop discounting because IATA says they should?"

"What will happen is that IATA aircraft will leave British airports with more empty seats, and non-IATA ones will be packed with ordinary people who have been forced to look further afield for cheap tickets. Previous attempts to stop cheap travel hit the headlines, and in fact gave welcome publicity to

the fact that it was available. This is exactly what will happen again."

Mr Dooley adds that it is significant that British Airways said earlier this week it hoped to "reduce" discounting, not wipe it out.

"This has been tried before. It won't be long before BA will be forced by economic necessity back into the discounting market when it sees how much business is being creamed off by other IATA airlines who will take advantage of this situation, as well as the bigger non-IATA airlines."

There remains the question whether discounting is actually illegal. This appears to be a grey area, with the Department of Trade, the Civil Aviation Authority and others uncertain. So far as is known, no-one has sought to prosecute the airlines, the bucket shops, or the passengers, directly for buying or hoarding discounted tickets.

Discounting may be in breach of the Civil Aviation Act, but so far, no-one appears to have tested that in the courts, and legal views on the matter differ. Nevertheless, the Department of Trade and the CAA have been for some time trying to reduce discounting by writing into route licences what are called "tariff clauses," whereby the airlines risk penalties if they sell tickets at below the officially approved levels. The problem here is that many foreign airlines (and their governments) do not regard discounting with quite the same disavour. This means that even where a foreign airline was caught discounting — and this could prove to be difficult in itself — its government could make things difficult diplomatically if the airline were in any way penalised.

While there have sometimes been suggestions of fraud in association with discounting, this has also been exceptional, difficult to uncover, let alone prove. By the time a discounted air ticket has found its way back to the issuing airline's accounting department, having passed en route perhaps through the hands of more than one airline and through the IATA Airline Clearing House (which handles billions of dollars worth of tickets of all kinds a year) some six months may have elapsed since the flight took place. It is impossible for the airline to investigate the past progress of every single ticket through such a labyrinthine procedure, even if it had the staff or the inclination to do it, which may do not. The current internal British Airways inquiry into discounting will try to uncover such frauds, if any exist.

IATA's own "Fare Deal Monitoring Group," set up some time ago to investigate discounting, is trying to identify the routes where the practice is most common, establish what is at stake financially, and try to bring all the parties together to discuss and perhaps resolve the issue. This could prove difficult, with many governments prepared to turn a blind eye to what their own flag airlines get up to. But the FDMG is trying. It has initiated discussions with a large number of airlines and groups of airlines around the world but it admits that it could be a year or even longer before any significant results emerge.

It is likely to be only through such a long process of discussion, persuasion and ultimate agreement between governments and airlines world-wide that the practice will be reduced in scale, but it will probably never be eliminated entirely — which is good news for the international traveller.

Weekend Brief

Wild mink threatening Cumbria

Anyone strolling along the pretty rivers and streams of the Lake District may be lucky enough to spot a small, dark furred creature playing on its own or in a group. For the resident farmer, the sight is not such a happy one. The ecological niche left by the demise of the otter is now in danger of being filled by the mink, in one of the most beautiful parts of Britain.

The ins and outs of smuggling in South America

Judging by the intimidating number of stamps and signatures needed to import or export even the most trivial items in South America, smuggling must prove to be a very profitable business. And indeed it is, reaching a peak in the multi-billion dollar drug trade of the Andean countries. But on a smaller scale smuggling can be an agreeable past-time, part of the satisfying search for a good bargain.

A London cabbie's dream car

"Blissful, it looks like a cross between a Range Rover and a roller skate."

"That was my old cabbie's instinctive reaction when, late last year, he got an unofficial preview of the certain successor to London's famous "black taxi". Then-Transport Secretary David Howell was present for its unveiling at the Press. Taking the cabbie along as an extra guest seemed a good way of doing some on-the-spot consumer research.

The cabbie liked it; not least because the driving seat was comfortable and it looked like marking the end of "having your teeth shaken out at 50 on the M4 down to Heathrow."

Now it is on preliminary trials in London. And all the signs are that the passing of the current FX4 cab, which has been on the street for 24 years, will be marked by a measure of relief.

For a start, the Range Rover comparison was apt. "Carbodies of Coventry — maker of the current and future model, code-named CR6 — has used several major Range Rover panels and



tricks. The mink may be pretty, but it is also incredibly ferocious. It breeds faster than the otter and tends to be a much more prolific and indiscriminate killer.

No one knows how many of these creatures, which normally have a body length of about 1 ft and are bulkier than the weasel, have now established themselves in the countryside.

The National Farmers' Union in Cumbria, however, is in no doubt about its view. It warned this week that mink were threatening to become a problem of epidemic proportions in the Lake District and the Borders.

That might be a slight exaggeration, but there is no doubt that the mink is having a substantial and unwarranted impact on the wildlife in the Lakeland area, and has posed something of a threat to the economics of poultry farming.

The NFU says the mink, which inhabits the banks of many of the area's main rivers, like the Kent and Gowan, as well as the smaller streams, has been destroying fishing stocks — it swims like an otter — and killing off mallard, water hens, and other water birds. At one time, you could see mallard on this time of year with 10 or 12 ducklings. Now it is common to see them with one, because the rest have been taken by

generation, but there is no doubt that the mink is having a substantial and unwarranted impact on the wildlife in the Lakeland area, and has posed something of a threat to the economics of poultry farming.

The NFU says the mink, which inhabits the banks of many of the area's main rivers, like the Kent and Gowan, as well as the smaller streams, has been destroying fishing stocks — it swims like an otter — and killing off mallard, water hens, and other water birds. At one time, you could see mallard on this time of year with 10 or 12 ducklings. Now it is common to see them with one, because the rest have been taken by

Returning to Quito was an adventure, with the shopping expedition's success or failure depending on the mood of customs officers. Apart from the regular posts there might be a sudden surprise snoop, and everyone would have to unpack on an isolated stretch of highway. If the search was especially thorough, shampoo would be found behind the panelling and nylon knickers stuffed between the seat cushions. Shouting and wailing alternatively, the women would battle to bang on to their contraband goods. When the bus eventually arrived in Quito, foreigners would return the scent bat or radio they had been asked to camouflage in their baggage, and everyone sent off

to market what spoils were left. Now the traffic has reversed: with the free market sucre's plunge to a half of its 1981 value, Colombians are flooding into the Ecuadorian border town of Tulcan to load up with eggs, sugar, vegetable oil and tinned sardines. Those with cars fill their tanks at U.S. 0.25 cents a gallon of petrol. A constant stream of people carrying sacks, shopping baskets and bursting cardboard boxes struggles back to Colombia's frontier town, Ipiales, where the shopkeepers complain they are going out of business — Ecuadorians are interested only in acquiring the dollars that are in such short supply in Quito.

It could all be passed off as an amusing game if it were not for the fact that Ecuador is losing thousands of tons of foodstuffs — for example, truckloads of flour made from subsidised wheat imports — when it can ill afford to. Farmers estimate that more than 30,000 tons of the maize harvest have gone to the Colombian market instead of being stored for animal feed, so the Government may have to buy abroad in coming months. And the final twist is that middlemen are now demanding official food price increases on the grounds that everything is disappearing across the frontier — with the result that Ecuador's modest 12 per cent inflation rate will begin to spiral, and there may be no joy left for small-time smugglers.

bodies' managing director, to break into export markets which should lift production levels well beyond those of the FX4, just over 40,000 of which have been built during the past two decades.

The CR6 is unlikely to have a hard time getting the necessary approvals from the Home Office's Public Carriage Office, despite the useful comment of the Licensed Taxi Drivers Association spokesman David Barnes, that "if they had had their way we would have been lucky to have enclosed cabs. It took years to get electric horns."

Thus the CR6 should be plying for hire somewhere around the end of 1983 or start of 1984.

It will start as the only purpose-built taxi — as famous as the FX4 — is disappearing. The last of the billious yellow American Checker cabs rolled off the line at Kalamazoo, Michigan, two weeks ago. There was not much regret about its passing, either the epithet or it written by Detroit's "bible," Automotive News, signed off unemotionally as a two-ton fuel surpler.



Stirling Moss demonstrating how the CR6 — now on trial as London's taxi of the future — can carry a wheelchair passenger.

apt in that the CR6 is very low to the ground; but for a reason. It is also fitted with swing-out ramps. And they allow a wheelchair to be pushed inside with ease. The partition between drivers and passengers is adjustable, so that the chair-bound can be accommodated comfortably.

But the fact that the passenger doors hinge like a normal car's at the front provide a clue

why the vehicle is rather more important to Carbodies than just providing a more comfortable FX4 replacement.

The rear-hinged doors of the FX were one of the big impediments to the black cab being sold outside Britain.

But the CR6 has been designed from the start to meet all European legislative requirements. It is the firm intention of Mr Grant Lockhart, Car-

Contributors:
Nick Garnett
Sarit Kennell
John Griffiths

Economic diary

MONDAY: Department of Trade issues UK trade figures for June (import figures for August 1981 and export figures for June 1981 will also be included). TUC International Committee meets.

TUESDAY: The Treasury publishes the UK official reserves figures. CBI Industrial Trends Survey for July. Bank of England issues statistics for capital issues and redemptios during the month of July. Israeli Foreign Minister Yitzhak Shamir discusses the Middle East with American leaders in Washington. EEC Commission due to negotiate offer on steel with the

Building Society Rates

Deposit	Share	Sub'pn	Rate	Term
Abbey National	8.50	8.75	10.00	10.25 1-year high option, 10.75 6 years sixty plus, 9.25-10.75 1-5 years open bondshares
Aid to Thrift	9.55	9.80	—	—
Alliance	8.50	8.75	10.50	10.75 5 y., 10.25 4 y., 10.25 £500 min. 2 m. not. or £100+60 d. int. pen.
Anglia	8.50	8.75	10.00	10.75 8 y., 3 m. not., 3 y., 2 m. not. 10.25, 1 mth's not. all int. loss
Birmingham and Bridgwater	8.50	8.75	10.25	10.75 5 yrs, 9.25 21 years
Bradford and Bingley	8.25	8.75	10.00	9.75 1 month's notice balances of £10,000 and over. Escalator sh. 9.25-10.75 (1-5 y.)
Britannia	8.50	8.75	10.00	10.75 5 y. option bond, 10.00 2 m. not.
Burnley	8.50	8.75	10.00	10.75 5 yrs., 3 mth. not., 9.75 1 m. not.
Cardiff	8.50	9.25	10.25	9.50 on bal.: £3,000-10,000, 4 to £3,000 — £10,000 and over
Catholic	10.00	9.00	10.00	9.25 on share balances of £5,001+
Chelsea	8.50	8.75	10.00	10.00 1 mth. or on demand (int. pen.)
Cheltenham and Gloucester	8.50	8.75	10.00	—
Cheltenham and Gloucester	—	9.75	—	Gold Accout. Savings of £1,000 or more (8.75 otherwise)
Citizens Regency	8.50	9.00	10.25	10.75 5 y., 10.05 3 m. not./1 m. int. l'ess
City of London (The)	8.75	9.10	10.25	10.25 C.C. shs.—4 mths. not.—no pen.
Coventry Economic	8.50	8.75	10.25	10.50 4 yrs., 10.25 3 yrs., 10.00 3 mths.
Dorsetshire	8.50	8.75	10.00	9.25-9.85 (3 months' notice)
Ealing and Acton	8.50	9.25	—	9.80 2 yrs., £2,000 min.
Gateway	8.50	8.75	10.00	10.75 5 years
Gateway	—	9.75	—	Plus a/c £500 min. Int. 4-yearly
Guardian	8.50	9.00	—	10.75 6 mth., 10.25 3 mth., £1,000 min.
Halifax	8.50	8.75	10.00	10.75 5 yrs., 3 mth's. not. notice
Heart of England	8.50	8.75	10.50	— 3 mths. notice 9.75, 5 yrs. 10.75
Hearts of Oak and Enfield	8.50	9.00	10.50	10.75 5 yrs., 10.25 6 mth., 10.00 4 mth.
Hemel Hempstead	8.50	8.75	10.25	11.25 5 years, 10.50 3 months
Hendon	9.00	9.75	—	10.50 6 mths., 10.25 3 mths.
Lambeth	8.50	9.00	10.50	11.00 5 yrs., 10.75 6 months' notice
Leamington Spa	8.60	8.85	11.93	10.35 1 year
Leeds and Holbeck	8.50	8.75	10.50	10.75 5 yrs., 9.75 1 mth. int. penalty
Leeds Permanent	8.50	8.75	10.00	10.25 3 yrs., E.L. a/c £500 min. 9.75
Leicester	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 mths.
London Grosvenor	8.00	9.25	11.00	9.75 3 mths. notice 1 mth. int. pen.
Midshires	8.50	8.75	10.00	10.25 1 year
Mornington	9.00	9.80	—	—
National Counties	8.75	9.05	10.05	10.00 1 cal. month min. deposit £500, 10.75 6 mths. min. deposit £500
Nationwide	8.50	8.75	10.00	10.75 5 yrs., £500 min. 90 days' notice. Bonus a/c 9.75 £1,000 min., 28 days' notice
Newcastle	8.50	8.75	10.00	10.75 4 yrs., 9.75 28 days' notice, or on demand 28 days' int. penalty
New Cross	9.25	9.80	—	9.50-10.00 on share accs., depending on min. balance over 6 months
Northern Rock	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Norwich	8.50	8.75	10.25	9.75 3 yrs., 9.50 2 yrs.
Paddington	8.25	9.25	10.75	10.25 Loss 1 month int. on sums wdn.
Peckham Mutual	9.25	9.50	—	10.00 2 y., 10.5 3 y., 11.0 4 y., 9.75 Bus.
Portsmouth	8.85	9.05	10.55	11.10 (5 yrs.) to 10.50 (6 mths.)
Property Owners	8.75	9.25	10.75	10.75 4 yrs., 10.75 6 mth., 10.25 3 mth.
Provincial	8.50	8.75	10.00	10.75 3 yrs., 9.75 1 month
Scarborough	8.50	8.75	10.00	11.00 3 months' notice int. pen.
Skipton	8.50	8.75	10.00	9.85-10.00 28 days' interest penalty
Sussex County	8.75	9.00	11.25	10.00 2 yrs. (early withdrawal option)
Sussex Mutual	8.75	9.25	10.75	9.50-10.75 all with special options
Town and Country	8.50	8.75	10.00	11.00 5 yr., 10.75 3 yr., 60 d. wd. not. 10 2 mth. not./28 days' int. loss
Wessex	8.75	9.80	—	—
Woolwich	8.50	8.75	10.00	10.75 90 days (int. loss), 9.75 immed. access (int. loss) or 28 days' not.
Yorkshire	8.50	8.75	10.00	10.25 5 yrs., 10.25 4 yrs., 9.75 3 yrs., 9.25 2 yrs., 10.00 Golden key 28 days' penalty interest

* Rates normally variable in line with changes in ordinary share rates. All these rates are after basic rate tax liability has been settled on behalf of the investor.

Midland interim result down £9.4m

WITH encouraging performance in major parts of the Midland Bank offset by poor results from a number of subsidiaries, pre-tax profits for the six months ended June 30, 1982 were down from £104.5m to £95.1m.

Trading profit of the Bank and the subsidiaries increased slightly to £134.6m, against £130.3m, but associates share was lower at £9.7m (£10.3m) and loan capital interest increased by £13.3m to £49.4m leaving the taxable figure £9.4m behind.

The interim dividend is maintained, however, at 8p net per £1 share—last year's final payment was 16p and pre-tax profits amounted to £32.2m.

Measures were already in hand, the directors say, to improve performance of those areas which had produced poor results. Worldwide recession continues to affect the company's customers, particularly those in the manufacturing industry and Midland is maintaining support, they state, in a substantial number of cases where it is believed that the business concerned is basically viable.

Pre-tax profits were also struck after net provisions for bad and doubtful debts, which were virtually double to £75.3m (£38.3m). Chief executive, Mr Geoffrey Taylor says the provision reflects the impact of the recession and the Bank's historic links with and support for manufacturing industry, "which is higher than our principal competitors."

DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current payment, Date, Correlation, Total dividend, Total last year. Includes A&P, B&S, J&J, etc.

The continuing support given to Northern Ireland, where Northern Bank has 53 per cent of the banking business, was another special factor in the first half setback, Mr Taylor states. He explains that this was the third half-year in succession that had debt provisions for Northern Ireland had been substantial.

Mr Taylor says he is fairly confident that the Bank's second half figures will show an improvement over those of the first. He says that this will be helped by the fact that the land "stood still" and Thomas Cook moved from the normal first-half loss into a profit for the second period. The chief executive states that during a difficult six months the group has been able to continue with the reorganisation of its branch network within the UK, while keeping operating costs under control.

DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current payment, Date, Correlation, Total dividend, Total last year. Includes A&P, B&S, J&J, etc.

The domestic business of the parent clearing bank has continued to be affected by the economic recession. Profit, before tax and loan interest was higher than last year, but compared to the second half of 1981, profits fell due to a significant rise in the level of provisions for bad and doubtful debts. The proportion of current account balances within the Bank's total sterling deposits, directors explain.

Forward Trust group made a good contribution to results due to improved margins and containment of costs. Within the Bank division, the level of currency advances continued to increase in real terms and the business as a whole expanded, although there was a narrowing of margins and an increase in provisions for bad debts, directors say.

Montague L. Meyer back in the black

A "REASONABLE" level of profit has been earned by timber merchant Montague L. Meyer in the first quarter of the current year, Mr Meyer, the chairman, told the annual meeting. In the corresponding period last year, the group incurred a loss.

In general, he said, trading conditions were a little better than they were last year. Commenting on the improvements in the first quarter's trading, Mr Meyer later said, compared with a loss of £500,000 a year ago, there had been a turn round of about £1m in trading profits in the year to date.

This was mainly due to improvements in manufacturing and lower interest rates. Volumes were marginally higher and there had been a small increase in turnover.

Prices on soft wood sales had hardened slightly. On the basis of inquiries and indications received from customers, the next quarter should be satisfactory, he predicted. Adding that, having reduced stock levels, our intention is to keep them no higher than necessary to meet current demand.

Kenyan equity investment deal for Samuel Montagu

BY NICHOLAS COLCHESTER

SAMUEL MONTAGU, Finance for Industry, and the International Finance Corporation, the private sector lending arm of the World Bank, have this week committed themselves to equity investment in Kenyan enterprises in which the Aga Khan has a substantial interest.

Samuel Montagu, the London merchant bank, is to buy a 7.5 per cent stake in the Diamond Trust of Kenya, a financial services company, for \$840,000 (£540,000). The International Finance Corporation will take a 9.1 per cent stake and it is hoped that, later, the UN pension fund and Kenya's Government-owned Industrial and Commercial Development Corporation will acquire stakes of 2.5 per cent and 8.1 per cent respectively.

The world-wide Diamond Trust share capital and reserves of Kenya Shillings 120m (£6.9m). The Aga Khan will be left with 13 per cent of the equity, with the rest in public hands.

The aim of the cash infusion, equivalent to \$1.5m, will be to allow Diamond Trust to move beyond the business of leasing and hire purchase into merchant banking, in a way which should contribute to the development of Kenya's financial and capital markets. Samuel Montagu will provide technical assistance. Its involvement will give it a foothold in investment banking in Africa, which will be the more secure for being obtained in conjunction with the Aga Khan's interests and with an offshoot of the World Bank.

In a parallel deal, Finance for Industry, the industrial finance institution owned by the UK clearing banks and the Bank of

England, will join with the IFC and the Kenya Commercial Finance Company, an offshoot of Kenya's largest commercial bank, to put Kenya Shillings 19.3m into IPS (Kenya), part of the Industrial Promotion Services group of private development companies established by the Aga Khan in Africa and Asia since 1962.

Finance for Industry will be paying \$400,000 for a 10 per cent stake in IPS (Kenya). The investment will give it a foothold in Kenya but will also give it contact with the Aga Khan's spread of business interests and, in particular, with the IFC, which has experience of development finance in many parts of the world. The Aga Khan will be left with 49 per cent of the equity of IPS (Kenya).

These companies had consolidated net assets of about £20.1m on June 30, 1982, including cash and bank balances of about £11.1m. Liley said they employed 700 people. They expect to make a pre-tax profit of £5m, including about £1.5m of interest, in the 12 months ended June on turnover slightly higher than the £22m of the previous year.

Liley hopes to complete the transaction by the end of September after an independent accountant's report, the approval of its shareholders and confirmation of the deal will not be referred to the Monopolies and Mergers Commission. The proposed acquisition is the largest ever carried out by Liley, which bought 90 per cent of the U.S. contractor, Harold Homes, a house builder.

The Mollerstang transaction resulted from an approach to Liley from the Whip family, who wanted to pull out, said Mr Thomas Bisset, Liley's managing director. "It is a good company with a first-class trading record and a good management," he added.

Mollerstang complements Liley, which covers Southern Scotland and the Manchester area, Liley said. Liley made a pre-tax profit of £7.8m in the year ended January 31, 1982 on turnover of £127m. Liley's shares fell 1p to 164p yesterday.

Its three main trading subsidiaries are Eden Construction, Seymour Plant (Northern), engaged in plant hire, and Eden Management accounts now show UKO International is about break even after the first four months trading of the current financial year, Sir Ian Morrow, the chairman, said.

He warned it was still too early to make any promises about dividend payments. UKO passed its dividend for the past 12-month trading period showing a pre-tax loss of £483,000. Sir Ian said that within the group's ophthalmic division sales had dropped during the first two months of the current year following the NHS increases in charges for lenses. An improvement followed in June and July and on balance, volume sales for the first four months were about the same as those at the same stage last year.

Mr Lewis Robertson, chairman of F. H. Lloyd Holdings, said that in the first quarter of the current year, in all three divisions, results were somewhat ahead of those for comparable period of last year. Mr Leslie Porter, chairman of Tesco Stores (Holdings), said that in site research and technological services, the group was making great progress. Its development programme was on target, and he looked forward to the future with quiet confidence.

Mr Porter informed the meeting that the High Court had allowed an appeal by the Inland Revenue against the decision of the Special Commissioners. He said the matter would be reviewed with the group's advisers.

Berisford holds 50.6% of British Sugar Corp.

SHAREHOLDERS OF S. and W. Berisford have passed the resolutions at an EGM to enable the company to complete the purchase of 6.3m British Sugar shares from Ranks Hovis McDougall (RHM) and to implement the offer.

The agreement with RHM has now been completed and with the latest acceptance Berisford is interested in 30,353,946 British Sugar shares, or 50.6 per cent. The offer is now unconditional in all respects and has been extended to August 15.

Mr E. S. Margules, chairman of Berisford, said at the meeting, to employees of British Sugar, that the group was not going to make dramatic changes. British Sugar was quick to dispatch another circular to its shareholders last night.

Stressing once again the virtues of taking no immediate action before the last closing date for acceptances, the board points out that Berisford has not offered to purchase the shares of around £20m in the popular estimate. On the whole, any improvements are likely to be purely the benefits of cost-cutting, particularly in the declining division. Publishing continues to be easier in the U.S. than at home, while in newspapers, the 2p cover price increase on the Mirror was too recent to benefit first quarter figures. It is felt that packaging volume has fallen, one or two points this year, while on the papermaking side, the Canadian newsprint operation is less buoyant, due primarily to over-capacity in its market.

The market expects to see Standard Telephone and Cables' March 1982 earnings of about £30m when it reports its half-year figures to June on Monday. This looks good against the comparable figure of £19m, but last year's STC took about £7m of redundancy costs above the line. One depressing factor in this time could be about £5m of share repurchases for the Chinese System X contract. The components business had a dismal time last year, and the bounce back that occurred in the first quarter of this year has not yet been sustained. Main exchange orders seem to be flat, but submarine cables continue to be an area of strong growth. Profits from the ANZCAN cable contract seem to be starting to come through. In the second half, but will not really start to motor until 1983. For the full year, about £66m is on the cards.

Other results due next week include interim figures from Nottingham Manufacturing, on Monday, from J. Bibby on Wednesday, and from ABB on Thursday. Also on Thursday Uniflex will be reporting its full year figures.

Table with columns: Company, Dividend (p), Date. Lists various companies and their dividend details.

Dividends are shown net of tax. Dividends are adjusted for year-end changes. Dividends are shown for the year ending June 30, 1982. Dividends are shown for the year ending June 30, 1981. Dividends are shown for the year ending June 30, 1980.

Automated Security makes £8.2m rights

BY DOMINIC LAWSON

Automated Security, the alarm rental company, is raising £8.2m from shareholders by way of a rights issue of 4.741m ordinary shares at 180p each.

The issue was announced yesterday along with half-time figures to the end of May showing a 17 per cent increase in pre-tax profits to £1.1m. The company is forecasting profits of at least £3m for the year, against £2.55m for 1980-81. The full-year dividend payment will be lifted from 1.45p a share to 1.75p.

The basis of the issue is one new share for every five ordinary shares held, plus one share for every £50 preference and one share for every £8 nominal of loan stock.

Automated said yesterday that its three-year plan calls for additional investment of up to £25m in new rental equipment and of upgrading systems, while further substantial investment will be made in article surveillance rental equipment, where considerable growth is anticipated.

The company added that its growth over the past two years has been financed primarily from internally generated funds and borrowings, with the exception of a £3m rights issue of convertible unsecured loan stock in 1980.

Mr Tom Buffett, the chairman, said that it was an "appropriate time" to expand the capital base to provide long term funds to assist the planned expansion programme, so enable it to take advantage of suitable acquisition opportunities.

In March this year Automated took a 10 per cent stake in Security Tag Systems, its product—Sekurtag—is marketed by Automated. The international development of Sekurtag will require significant investment and will have a substantial effect on Automated's future business.

Yesterday Mr Buffett agreed that Automated had a strong cash flow which had hitherto funded very considerable investments internally. The rights issue is not necessary—we didn't have to do it. No doubt we could have gone forward without it. But we are always acquisitive. The nature of the business demands growth by acquisition, and it takes considerable funds to exploit that," he said.

The company was looking for acquisitions both inside and outside the UK, but had nothing particular in mind at the moment, he said. The rights issue money would "give us more flexibility and enable us to react on a larger scale."

The proposed rights price of 180p represents a 25 per cent discount to yesterday's opening of 240p, but the issue is underwritten. "It looks like a big difference, but it is not so large compared with the average share price over the past three months. The details were worked out by Mr Simon Kinnaird, investment manager at Greene & Company, who is one of our directors, and Energy Finance, our merchant bankers," Mr Buffett said.

In the half-year to the end of May Automated's turnover was £9.13m (£7.93m) while pre-tax profits were £1.2m (£1.03m). The interim dividend is 0.7p (0.57p). The directors are forecasting a 1.05p final. The new ordinary shares will not rank for the interim dividend.

comment Over the past five years Automated Security has enjoyed a compound growth rate of about 15 per cent and yesterday's profits forecast of at least £3m for the full year would keep it pretty close to that spectacular trajectory. The goodwill that has engendered makes an underwritten rights issue on a 25 per cent discount look cautious, to say the least. Conversely, the motives behind the £8.2m issue seem generalised to the point of opportunism. Once again, however, Automated's trading performance brooks absolutely no argument. The current grand plan seems to be to maintain the company's 15 per cent share of the more mature commercial market, and concentrate most effort on the domestic market, which is still virtually unexploited. Article surveillance is the other main growth area, and while last year was a period of development for Automated in this field, profits are now beginning to motor. Petrol costs are a very significant overhead, so the current price war is a pleasant bonus. At 239p, down 2p, the shares continue to be very highly rated, but Automated finds it hard to do any wrong.

For the first four months of the current year, said Mr N. Brown Investments, the Manchester-based merchant order concern, were comfortably ahead of last year, Mr David Alliance, chairman, told the annual meeting.

He added that the company was on course for further growth, despite the considerably increased expenditure on new customer recruitment during the first six months.

Some progress at Howard Tenens

BY DOMINIC LAWSON

WITH DISTRIBUTION costs, administration expenses and interest charges all lower, Howard Tenens Services improved pre-tax profits from £383,000 to £407,000 in the year to March 31 1982. Turnover of this distributor and engineering services group was down from £20.31m to £19.27m. The final dividend is reduced from 0.5p to 0.4p for a total down from 1.55p to 1.4p net.

The directors say that in view of the economic uncertainty, it is not yet possible to predict results for the current year. Demand in the company's engineering activities shows a reduction on last year's level. The trend for the current year is encouraging, and the outlook is not encouraging.

They say the company continues to have voids in properties of 500,000 sq ft, and unless the economy improves the prospect for the coming year in this area of business is not good. Despite this background, the directors are continuing their efforts to improve the position.

The year-end pre-tax figure was after distribution costs down from £384,000 to £302,000, administration expenses were lower at £331,000 (£1.17m) and interest payable and similar charges was £726,000 (£368,000). The pre-tax figure included associates' share of £270,000 (£238,000) and interest receivable and related income of £48,000 (£86,000).

Tax for the year was down from £169,000 to £37,000. Minorities took £10,000 (£56,000), there were extraordinary debits last time of £91,000. Earnings per share improved from 0.83p to 2.14p.

On a CCA basis, there was a pre-tax loss of £51,000 (£6,000).

Initial figures for City Site Estates are in line with the forecast made in November 1981 at the time of placing the company's securities on the Unlisted Securities Market. The company said that, in the absence of unforeseen circumstances, profit before tax, and extraordinary items would be not less than £140,000 for the year ending September 30 1982.

Results for the year to March 31, 1982, showed a pre-tax profit of £23,272. Rental income amounted to £91,052 and there was a tax charge of £23,427. Figures include Baltic Chambers. Earnings per 25p share were 0.28p.

During the current year, the company has increased its portfolio by acquisition of further investment properties.

At the end of the year, the company's oil and gas reserves of 7.7m barrels of oil and 4.25m cubic feet of natural gas, and probable reserves of 208,743 barrels of oil and 604m cubic feet of gas.

A total market value of \$49.25m (£28.30) has been attributed to these reserves, showing a surplus over book value for all categories of the company's oil and gas reserves of £38.23m.

Including the company's oil and gas properties on the basis of the recent valuation, but without allowing for tax consequences, which would arise on a disposal, the company's net asset value is put at £33.45m, equivalent to 100.4p (81.5p) per share.

Results for the year ended March 31 1982, and prospects reported July 20, 1982, Group fixed assets £5.1m (£3.43m). Net current assets £2.7m (£3.05m). Shareholders funds £1.7m (£1.08m). Compensation payment of £20,000 (nil) to former director, Chairman said that while he can not predict an improved UK performance, this improvement will, to a greater or lesser extent, be affected by overseas results. Merinda, Huddersfield, September 2, 3 pm.

RESULTS AND ACCOUNTS IN BRIEF (continued)

N. Brown sales well ahead so far

BY DOMINIC LAWSON

FOR THE first four months of the current year, said Mr N. Brown Investments, the Manchester-based merchant order concern, were comfortably ahead of last year, Mr David Alliance, chairman, told the annual meeting.

He added that the company was on course for further growth, despite the considerably increased expenditure on new customer recruitment during the first six months.

At the end of the year, the company's oil and gas reserves of 7.7m barrels of oil and 4.25m cubic feet of natural gas, and probable reserves of 208,743 barrels of oil and 604m cubic feet of gas.

A total market value of \$49.25m (£28.30) has been attributed to these reserves, showing a surplus over book value for all categories of the company's oil and gas reserves of £38.23m.

Including the company's oil and gas properties on the basis of the recent valuation, but without allowing for tax consequences, which would arise on a disposal, the company's net asset value is put at £33.45m, equivalent to 100.4p (81.5p) per share.

RESULTS AND ACCOUNTS IN BRIEF (continued)

RESULTS AND ACCOUNTS IN BRIEF (continued)

RESULTS AND ACCOUNTS IN BRIEF (continued)

RESULTS AND ACCOUNTS IN BRIEF (continued)

RESULTS AND ACCOUNTS IN BRIEF (continued)

RESULTS AND ACCOUNTS IN BRIEF (continued)

RESULTS AND ACCOUNTS IN BRIEF (continued)

RESULTS AND ACCOUNTS IN BRIEF (continued)

RESULTS AND ACCOUNTS IN BRIEF (continued)

City Site in line with forecast

BY DOMINIC LAWSON

Initial figures for City Site Estates are in line with the forecast made in November 1981 at the time of placing the company's securities on the Unlisted Securities Market. The company said that, in the absence of unforeseen circumstances, profit before tax, and extraordinary items would be not less than £140,000 for the year ending September 30 1982.

Results for the year to March 31, 1982, showed a pre-tax profit of £23,272. Rental income amounted to £91,052 and there was a tax charge of £23,427. Figures include Baltic Chambers. Earnings per 25p share were 0.28p.

During the current year, the company has increased its portfolio by acquisition of further investment properties.

At the end of the year, the company's oil and gas reserves of 7.7m barrels of oil and 4.25m cubic feet of natural gas, and probable reserves of 208,743 barrels of oil and 604m cubic feet of gas.

A total market value of \$49.25m (£28.30) has been attributed to these reserves, showing a surplus over book value for all categories of the company's oil and gas reserves of £38.23m.

Including the company's oil and gas properties on the basis of the recent valuation, but without allowing for tax consequences, which would arise on a disposal, the company's net asset value is put at £33.45m, equivalent to 100.4p (81.5p) per share.

RESULTS AND ACCOUNTS IN BRIEF (continued)

RESULTS AND ACCOUNTS IN BRIEF (continued)

RESULTS AND ACCOUNTS IN BRIEF (continued)

RESULTS AND ACCOUNTS IN BRIEF (continued)

RESULTS AND ACCOUNTS IN BRIEF (continued)

RESULTS AND ACCOUNTS IN BRIEF (continued)

RESULTS AND ACCOUNTS IN BRIEF (continued)

RESULTS AND ACCOUNTS IN BRIEF (continued)

Results due next week

In that case the pre-tax could even be worse than last year's £280m.

Analysts are reluctant to forecast Lonrho results because of its wide range of interests. Markets are tentative over Lonrho's interim figures due on Thursday. A slight improvement is expected with a pre-tax profit of about £44m for the six months to March 31, compared with £40m for the same period last year. Loss elimination in UK engineering is likely to account for most of the gain. However, export confirming in Nigeria, last year's star performer, has been hurt by that country's efforts to restrict imports. The fall in the gold and world sugar prices also will have eroded profit contribution from Africa. The market attributes the recent hardening of the Lonrho share price at 87p, near its year high of 95p, to rumors about long term ownership, rather than to the interim results.

When Reed International comes to the market on Thursday with its results for the first quarter to the end of June, analysts will be surprised if Reed exceeds the £5m it made in the first quarter of 1981. Around £20m is the popular estimate. On the whole, any improvements are likely to be purely the benefits of cost-cutting, particularly in the declining division. Publishing continues to be easier in the U.S. than at home, while in newspapers, the 2p cover price increase on the Mirror was too recent to benefit first quarter figures. It is felt that packaging volume has fallen, one or two points this year, while on the papermaking side, the Canadian newsprint operation is less buoyant, due primarily to over-capacity in its market.

The market expects to see Standard Telephone and Cables' March 1982 earnings of about £30m when it reports its half-year figures to June on Monday. This looks good against the comparable figure of £19m, but last year's STC took about £7m of redundancy costs above the line. One depressing factor in this time could be about £5m of share repurchases for the Chinese System X contract. The components business had a dismal time last year, and the bounce back that occurred in the first quarter of this year has not yet been sustained. Main exchange orders seem to be flat, but submarine cables continue to be an area of strong growth. Profits from the ANZCAN cable contract seem to be starting to come through. In the second half, but will not really start to motor until 1983. For the full year, about £66m is on the cards.

Other results due next week include interim figures from Nottingham Manufacturing, on Monday, from J. Bibby on Wednesday, and from ABB on Thursday. Also on Thursday Uniflex will be reporting its full year figures.

RESULTS AND ACCOUNTS IN BRIEF (continued)

RESULTS AND ACCOUNTS IN BRIEF (continued)

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Whitbread reached agreement to buy the wines and spirits division of Nabisco Brands, the New York food group, for about \$80m.

Imperial Group is selling its last remaining poultry interests to E2m to ConAgra Inc., the fourth largest company in the U.S. chilled and packed chicken market.

Comfort Hotels International agreed the sale of four of its 13 London hotels to the privately-owned Routestone group for \$5.2m.

Lookers, the Manchester vehicle distributor, was control of Braid Group, its Liverpool-based rival, when Braid's largest shareholder came out in support of the offer.

Table with 5 columns: Company bid for, Value of bid per share, Market price, Price before bid, Value of bid. Lists companies like Ansal Tin Nigeria, Braid Group, etc.

INTERIM STATEMENTS

Table with 5 columns: Company, Half-year to, Pre-tax profit (£000), Interim dividends per share (p). Lists companies like Albion, Allied Textile, etc.

PRELIMINARY RESULTS

Table with 5 columns: Company, Year to, Pre-tax profit (£000), Earnings per share (p), Dividends per share (p). Lists companies like AAN Holdings, Acrow, etc.

INTERIM STATEMENTS

Table with 5 columns: Company, Half-year to, Pre-tax profit (£000), Interim dividends per share (p). Lists companies like Albion, Allied Textile, etc.

PRELIMINARY RESULTS

Table with 5 columns: Company, Year to, Pre-tax profit (£000), Earnings per share (p), Dividends per share (p). Lists companies like AAN Holdings, Acrow, etc.

CONTRACTS

£8m order for Sperry

SA TRANSPORT SERVICES, one of South Africa's major transportation organisations, has signed a contract worth about \$14m (88m) with SPERRY UNIVAC for the supply and installation of a data communications network known as TRANSNET.

THE SWANBROUGH GROUP of Hull has won a £200,000 flooring contract as part of a major extension project for Guinness (Nigeria) in Lagos State.

A TWO-YEAR contract awarded in 1981 by Shell UK Exploration and Production to P & W OFFSHORE SERVICES has been extended to cover a second North Sea platform.

INTERCRAFT DESIGNS have been awarded a furniture systems contract totalling £2m. These include contracts from Save & Prosper Group (two contracts worth £290,000 for desks, cabinets and chairs).

EXPORT ORDERS worth £1.7m have been won by two subsidiaries of the BIRD TECHNICAL LOGY INDUSTRIES, Colortran Inc., which was acquired in the U.S. last September.

Liquidator appointed to Savings and Investment

MR MICHAEL JORDAN has been appointed liquidator of the collapsed Savings and Investment Bank, an angry meeting of creditors in Douglas, Isle of Man, was held yesterday.

Scottish Utd. increase

Net revenue at Scottish United Investors rose by 25 per cent from £1.19m to £1.49m in the half-year to June 30, 1982, but the directors say this rate of increase will not be maintained for the full year as the second half of 1981 already benefited from some of the contributory factors.

Income higher at Scottish American Inv.

Net income at the Scottish American Investment Company in the six months to June 30, 1982, rose from £94,000 to £1.21m, and, as known, the interim dividend has been increased from 1.25p to 1.4p per 50p share.

Better second half lifts Esperanza to £4.22m

SECOND-HALF taxable profits of Esperanza International Services, cargo inspection, non-destructive testing and inspection, shipping agency contractor, rose to £4.22m in the second half of the year, up from £3.1m in the first half.

Neepsend cuts £2.47m off its losses

SECOND HALF pre-tax losses at Neepsend were reduced from £1.5m to £200,000, and left losses for the full year 1982 at £2.47m, down from £3.11m to £2.67m.

COMFORT HOTELS HINTON HILL MERGER

Comfort Hotels International announce that negotiations have been finalised to lease the Royal Kensington Hotel in Kensington, London.

What it Takes to Make Big Market Gains

Deep Foundations are the Secret of Soaring Structures. Upward potential in a market can be defined in terms of the degree of uncertainty or risk.

Alfred Preedy £44,000 lower

A FALL from £74,000 to £30,000 in pre-tax profits is reported by Alfred Preedy and Sons, wholesale and retail tobacconist, for the year to March 27, 1982.

BASE LENDING RATES

Table listing various banks and their base lending rates, including A.B.N. Bank, Allied Irish Bank, Amro Bank, etc.

EUROPEAN OPTIONS EXCHANGE table with columns for Series, Vol., Aug. Last, Nov. Last, Feb. Last, Stock. Lists various options like GOLD C, GOLD P, etc.

The Jeffery Letter

Published by Proscammer Limited, 400 Park Street, London W1V 3JL. Contains financial analysis and market commentary.

Receiver called in at F. Austin

A FOUR-MONTH fight to restructure the troubled East London furniture manufacturer, F. Austin (Leyton), by a specialist financial consultancy, and the Greater London Council, finally folded yesterday.

M. J. H. Nightingale & Co. Limited

Table with 5 columns: High/Low, Company, Price Change, Gross Yield, P/E Ratio. Lists various companies like 125 120 Asa. Int. Ind. Ord., etc.

THE TRING HALL USM INDEX

1263 (+0.3) Close of business 30/7/82 Tel: 01-638 1591 BASE DATE 10/11/80 100

LADBROKE INDEX

550-555 (-3)

FEDERALE MYNBOU BEPERK

GENERAL MINING UNION CORPORATION LIMITED. JOINT ANNOUNCEMENT - GENERAL MEETING 5 AUGUST 1982. On a requisition by Federale Mynbou Beperk (Mynbou) a General Meeting of General Mining Union Corporation Limited (Gencor) was convened to take place on 5 August 1982.

NEW YORK

Table of New York stock market data including various stock prices and indices.

Stock

Table of stock market data for various companies and sectors.

Stock

Table of stock market data for various companies and sectors.

Stock

Table of stock market data for various companies and sectors.

Stock

Table of stock market data for various companies and sectors.

Early drifting on Wall St

PRICES DRIFTED in light trading on Wall Street yesterday, when there was little carry-over bargain hunting after Thursday's late rise.

By 1 pm the Dow Jones Industrial Average was off 0.09 at \$12.22, making a fall of 18.45 on the week, while the NYSE All Common Index, at \$61.69, shed 14 cents on the day and \$2.11 on the week.

Analysts said investors were not surprised by the announcement that the U.S. Leading Economic Indicators were up a changed in June and the report failed to boost investor confidence that the economy is recovering.

U.S. Money Supply figures are due after the close and analysts generally are anticipating a decline of between \$1.5bn and \$2bn.

Drugs showed strength in early trading, but turned mixed over mid-session. Minings were higher, with Hecla Mining up \$1 at \$22, Newmont Mining up \$1 at \$22, and Hanna Mining up \$1 at \$18.

General Cinema which holds more than 18 per cent of Heublein stock came back \$11 to \$47, a recent uptrend sparked by anticipation of a Heublein takeover.

Canada Stocks edged higher, with the Toronto Composite Index up 0.3 at 1,412.7.

Closing prices for North America were not available for this edition.

Prices for various commodities and currencies are listed, including gold, silver, and various currencies.

Prices for various commodities and currencies are listed, including gold, silver, and various currencies.

NEW YORK -DOW JONES

Table showing Dow Jones index performance for New York, including high and low values and percentage changes.

STANDARD AND POORS

Table showing Standard and Poors index performance for various sectors and the overall index.

NEW YORK ACTIVE STOCKS

Table listing active stocks in New York, including company names, prices, and volume.

NEW YORK ACTIVE STOCKS

Table listing active stocks in New York, including company names, prices, and volume.

NEW YORK ACTIVE STOCKS

Table listing active stocks in New York, including company names, prices, and volume.

NEW YORK ACTIVE STOCKS

Table listing active stocks in New York, including company names, prices, and volume.

Financial Times Saturday July 31 1982. Includes publication information and contact details.

Financial Times, Saturday July 31 1982

Table of financial data including company names and stock prices.

Table of financial data including company names and stock prices.

Table of financial data including company names and stock prices.

Table of financial data including company names and stock prices.

Table of financial data including company names and stock prices.

Table of financial data including company names and stock prices.

UK clearing bank base lending rate 11 1/2 per cent (since July 30 or August 2 and 3)

The dollar was mostly firmer in currency markets this week. Trading was rather thin ahead of the week and month end and the market also lacked any clear picture with regard to short term trends in U.S. interest rates.

Further help was given in the afternoon of £13m, making a grand total of £531m. The afternoon comprised purchases of £10m of Treasury bills in band 2 at 11 1/2 per cent and in band 3 of £33m of Treasury bills and £13m of eligible bank bills at 11 1/2 per cent.

The dollar was mostly firmer in currency markets this week. Trading was rather thin ahead of the week and month end and the market also lacked any clear picture with regard to short term trends in U.S. interest rates.

Table of currency exchange rates for various countries including US, Canada, France, etc.

Table of currency exchange rates for various countries including US, Canada, France, etc.

Table of Euro-currency interest rates for various currencies and terms.

Table of Euro-currency interest rates for various currencies and terms.

Table of London interbank fixing rates for 3 and 6 months U.S. dollars.

Table of London interbank fixing rates for 3 and 6 months U.S. dollars.

Table of London money rates for various currencies and terms.

Table of London money rates for various currencies and terms.

Table of currency movements for various currencies.

Table of currency movements for various currencies.

Table of EMS European currency unit rates for various countries.

Table of EMS European currency unit rates for various countries.

Table of UK convertible stock prices for various companies.

Table of UK convertible stock prices for various companies.

FT UNIT TRUST INFORMATION SERVICE

Large advertisement for FT Unit Trust Information Service, including 'Authorised Trusts' list and detailed information about the service.

LONDON STOCK EXCHANGE

Markets uninspired by 1/2-point base rate cuts
Gilts harder but share index 21.7 down on week

Account Dealing Dates
Option
*First Declara- Last Account
Dealings tions Dealings Day

Yesterday's announcement of the 1/2-point reduction in base lending rates following further pressure through the money markets left stock markets unimpressed.

Equities failed to shake off fears about a further slide into recession which prompted a sharp reaction earlier in the week. Several large lines of leading shares on offer yesterday, including ICI, were eventually absorbed and prices, with the aid of a higher opening on Wall Street, hardened to the late trade.

Early falls were usually limited to a few pence and price movements in the leaders at the close were no worse than mixed. The FT 30-share index, down 3 points at 3 pm, ended a net 0.1 harder, and the week's loss of 21.7 just about balanced the previous week's rise of 21.5 to leave the index virtually unchanged on the Account at 556.5.

Of the occasional features, Midland Bank, down 15 at 315p, registered marked disappointment with the interim results. Among the more sensitive sectors to interest rates, House Builders recorded useful gains as hopes of an early 1 per cent cut in mortgage rates.

The cut in base rates came to markets which had grown tired waiting for them, and the gilt-edged sector did little more than consolidate its recent sharp advance. Although trading was usually routine, quotations at the long-end trended 1/2 or so higher and the Government Securities index hardened 0.11 to 72.34, only 0.32 off its level of a week earlier, which saw the index at its highest since October 1979.

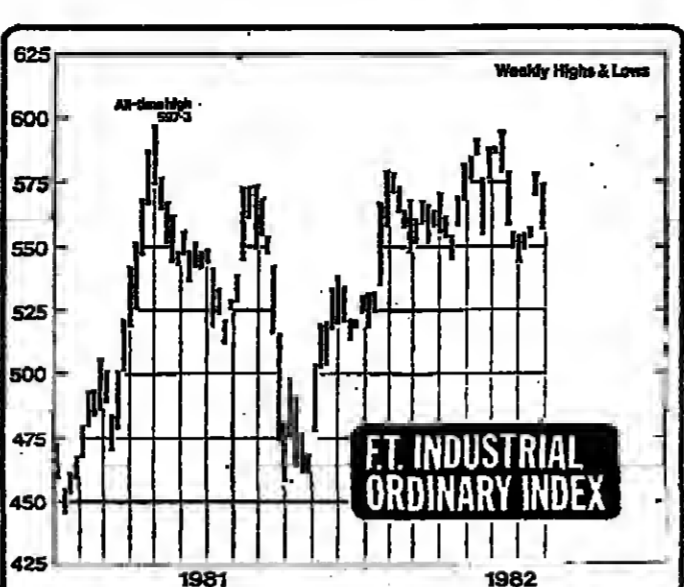
Midland fall
The 9 per cent contraction in first-half profits due to a sharp increase in bad debt provisions to £75.3m depressed Midland which closed 15 down at 315p, after 312p. The other major clearers cheapened in sympathy with the further round of 1/2 point base lending rate reductions to 11 1/2 per cent already well discounted and not affecting late sentiment. Barclays, which concludes the interim dividend season next Thursday, closed a few pence down at 395p, after 392p. Lloyds gave up 5 to 410p

and NatWest softened a couple of pence to 440p. Insurances were again neglected although Stewart Wrightson, recently re-named to be a possible bid target for Sedgwick, improved 3 to 265p. Bio-isolates, which staged an impressive debut in the Unlisted Securities Market on Wednesday, met fresh support and put on 5 to 57p, after 55p, compared with the pricing price of 33p. Thursday's newcomer Multitone Electronics touched 169p before closing a net 4 up at 166p compared with the minimum tender price of 12p and the striking price of 142p.

Allied-Lions continued to respond to a broker's bullish circular and added 3 for a two-day gain of 5 to 111p. The Building Societies Association's decision to meet next Thursday to consider cutting the mortgage rate by 1 per cent prompted a lively business in Barrat Developments which put on 5 to 300p. Certain other house-building concerns also made progress, albeit on a more modest scale. George Woodsey hardened a penny to 110p and Fairclough Construction 2 to 165p. F. J. C. Lilley touched 189p before closing a penny cheaper on balance at 184p; the company has agreed to acquire for £27m, Malvern Hills, a privately-owned holding company of a group of 13 subsidiaries engaged in building and construction. Demand ahead of the half-yearly results, due towards the end of August, lifted Marchwell 10 to 140p, while late speculative interest prompted a gain of a couple of pence to 86n in Tilbury Group. Elsewhere, Mironcrete added 4 to 175p following the Board's strong rejection of Pioneer Concrete's 15p per share cash offer.

After opening a shade firmer in the wake of the disappointing interim results, ICI reacted to 290p before rallying to close a net 4 down at 292p as a large line of shares was easily absorbed.

Dixons reater
Having drifted lower for most of the session, leading Stores attracted scattered support for the new Account and most finished well above the worst. Debenhams closed 2 dearer at 51p, as did House Fraser at 182p. Marks and Spencer, down to 182p earlier, closed only 2 off on balance at 164p. F. W. Woolworth, interim figures due shortly, held at 47p, down 4 on the week. A generally unfavourable Press reaction to the annual results, as did a weaker start to the year, prompted marked weakness in Dixons Photographic, which touched 165p before settling a net 8 down at 168p. Other electrical retailers trended easier in sympathy with Comet Radiovision, 7 off at 118p, and



FT INDUSTRIAL ORDINARY INDEX

Carrys, 2 cheaper at 168p. Tubicon's Alfred Proddy shed a few pence to 65p following the reduced full-year profits, while further consideration of the preliminary figures clipped 24 from Steinberg, 284p.

Among Shoes, favourable mention left Ward White a penny better at 58p. Some sizeable lines of stock came on offer among leading Electricals. Once placed, little interest was then shown and the closing tone was mixed. Rasco gave up 5 to 480p and BEC softened 1/2 to 101p. Plessey rallied from 528p to finish the turn dearer at 526p, while Thorn EMI hardened 2 to 427p. Elsewhere, MK advanced 15 to 438p on buying of the shares going to the 100 per cent scrip issue on Monday. Lee Refrigeration, on the other hand, reflected selling in a restricted market with a drop of 19 to 233p. Automated Security ended 2 off at 238p, after 235p, following the proposed 35.55m rights issue which accompanied the interim figures and dividend forecast.

Leading Engineering brought the Account to a quietly dull close with sentiment still nervous on recent rumours of a major company being in difficulties. TI, which denied liquidity problems on Tuesday, remained at 92p, but still sustained a fall of 10 on the week. GKN cheapened 3 to 135p and Hawker 2 to 330p. Elsewhere, Hall gave up 4 to 140p and Midland Industries Food 3 to 41p. Food Retailers were featured by Tesco, which put on 3 to 79p in late dealings on talk that profit forecasts had been upgraded following the annual meeting. Associated Dairies hardened a couple of pence to 138p, but J. Sainsbury cheapened 3 to 337p. The announcement that S. and W. Bristold had formally gained control of British Sugar left the

setting a net 8 down at 61p. Motor and aircraft component manufacturers remained irregular. Lucas, still unsettled by the downgrading of brokers' profits estimates, gave up a penny to record a loss on the week of 14 at 137p. Dowty shed 4 to 147p but, following the annual results, Aerospace Engineering added that much to 15p. Jonas Woodhead, subjected to persistent selling of late, staged a modest rally by hardening a penny to 19p. Automotive products also weak recently, added the turn 32p; the interim results are expected in the next Account.

Sentiment in Properties improved following the latest round of base lending rate cuts and leading quotations, a shade easier initially, picked up to close virtually unchanged. Among the occasional movements, the secondary issues, Carlton Real Estates added a penny to 30p following Press comment, while York Mount, dealt in the Unlisted Securities Market, firmed 2 to 64p. On the other hand, Clarke Nicolls shed 2 to 251p, while low 90s, while Control Securities softened 1 1/2 to 391p.

Oil edge higher
Encouraged by Wall Street's overnight rally, the oil majors edged higher, but business remained at a low ebb. British Petroleum, 264p, and Shell, 84p, hardened a couple of pence apiece. Among onshore explorers, Candeca met early support, advanced 7 to 201p with Charles Chapel 2 dearer at 168p. Mariner, however, lacked support and shed 7 to 96p. Elsewhere, New Court Natural Resources put on 4 to 37p in response to the preliminary results. FEA International remained a firm favourite and added a penny more for a gain on the week of 9 to 76p.

Investment Trusts closed with narrow mixed movements reflecting the uncertainty of the main equity market. The largest, La Vallonnet, suspended in May of last year pending reorganisation details, were resumed at 42p and the shares drifted lower to close at 38p.

In Textiles, Nottingham Manufacturing attracted useful support, with shares rising 7 and 2 respectively following trading news and Sale Tilyne firmed 3 to 203p on the agreed £1.4m asset sales. Armour Trust rose 2 1/2 to 16p on speculative buying but Esperanza shed 6 to 120p following disappointing results. Marley, however, was heavily traded and closed 2 off at 78p, after 72p, while J. W. Spear came on offer and fell 7 to 63p.

After Thursday's late reaction on the rejection of the Playboy gaming licence appeal, Trident TV A rallied to 63p before

losses earlier in the week, and the Gold Mines index closed 11.5 to the good at 242 1/2; this represents a fall of 10 1/2 on the week. The metal closed at \$942.50, up \$2.50 on the day.

Hartbeest led the way among the heavyweights with a rise of 1 1/2 to £21, and Randfontein were not far behind with a gain of a point to £27. Rises of almost a point were common to Western Deep at £13 1/2 and President Steyn at £12.

Durban Deep did best among the medium and lower-priced stocks, closing 53 higher at 858p, while Shifftonville ended 4 1/2 to the good at 574p. Gains in excess of 20 were common to ERPM at 407p, Blyvoor at 482p, Dourfontein at 774p, Elandsrand at 152p, Libanon at 846p, Zandpan at 402p, Harmony at 510p and Umkasi at 459p.

Price movements were exaggerated somewhat by the continued relative shortage of stock. Goldfields, South African Financials were also sharply higher, as in Johannesburg, up a point to £30, and Anglovaal, a similar amount to the good at £15. Anglovaal rose 2 to £21, while Middle Wits gained 3 to 430p, Anglo American 15 to 560p, Sentrust 10 to 416p and UC Investment 10 to 500p.

Investment Trusts closed with narrow mixed movements reflecting the uncertainty of the main equity market. The largest, La Vallonnet, suspended in May of last year pending reorganisation details, were resumed at 42p and the shares drifted lower to close at 38p.

Gold shares surged ahead yesterday as the million price seemed to consolidate above the \$340 level early in the day. By the close, most of the leaders had recouped the bulk of their

FINANCIAL TIMES STOCK INDICES

Table with columns for indices: Government Secs, Fixed Interest, Industrial Ord., Gold Mines, Ord. Div. Yield, Average Yield, P/E Ratio, Total Bargains, Equity Turnover, Equity Bargains. Rows for July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, July 30, July 29, July 28, July 27, July 26, July 25, July 24, July 23, July 22, July 21,

INSURANCES

Table of insurance companies and their products, including Aetna Life Insurance Co., Allstate Life Insurance Co., and various international and specialty policies.

INSURANCE & OVERSEAS MANAGED FUNDS

Table of insurance and managed funds, including Life Assurance Co. of Pennsylvania, Norwich Union Insurance Group, and various international and specialty funds.

Table of international and specialty managed funds, including Granville Management Limited, Overseas Investment Funds, and various international and specialty funds.

Table of international and specialty managed funds, including Overseas Investment Funds, International Bond Funds, and various international and specialty funds.

OFFSHORE AND OVERSEAS

Table of offshore and overseas managed funds, including Overseas Investment Funds, International Bond Funds, and various international and specialty funds.

NOTES: Prices are in pence unless otherwise indicated and those designated S with no prefix refer to U.S. dollars. All prices are as at 10.00 a.m. on the date of publication. A 'Y' in the price column indicates a yield to maturity. A 'D' in the price column indicates a distribution. A 'P' in the price column indicates a premium. A 'C' in the price column indicates a commission. A 'B' in the price column indicates a bid. A 'S' in the price column indicates a sell. A 'Y' in the price column indicates a yield to maturity. A 'D' in the price column indicates a distribution. A 'P' in the price column indicates a premium. A 'C' in the price column indicates a commission. A 'B' in the price column indicates a bid. A 'S' in the price column indicates a sell.

FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

Fidelity's American Investment Opportunity. For new reports—ring 01-283 7411 day or night. Fidelity International logo.

LOANS—Continued. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various financial institutions.

BANKS & H.P.—Cont. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various banks.

CHEMICALS, PLASTICS—Cont. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various chemical companies.

ENGINEERING—Continued. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various engineering firms.

HOTELS AND CATERERS. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various hotel and catering companies.

BRITISH FUNDS. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various British investment funds.

FOREIGN BONDS & RAILS. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various foreign bonds and rail companies.

BEERS, WINES AND SPIRITS. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various beverage companies.

DRAPERY AND STORES. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various drapery and store companies.

INDUSTRIALS (Misc.). Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various industrial companies.

INDUSTRIALS (Misc.). Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various industrial companies.

Five to Fifteen Years. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various investment funds.

AMERICANS. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various American companies.

BUILDING INDUSTRY, TIMBER AND ROADS. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various construction and infrastructure companies.

ELECTRICALS. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various electrical companies.

FOOD, GROCERIES, ETC. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various food and grocery companies.

FOOD, GROCERIES, ETC. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various food and grocery companies.

Over Fifteen Years. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various investment funds.

CANADIANS. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various Canadian companies.

BANKS AND HIRE PURCHASE. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various banks and hire purchase companies.

COMMONWEALTH AND AFRICAN LOANS. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various international investment funds.

COMMONWEALTH AND AFRICAN LOANS. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various international investment funds.

COMMONWEALTH AND AFRICAN LOANS. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various international investment funds.

Corporate Currency Risk by J.A. Donaldson. An authoritative manual on foreign exchange management. Includes an order form and contact information.

LOANS. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various loan companies.

CHEMICALS, PLASTICS. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various chemical and plastic companies.

ENGINEERING MACHINE TOOLS. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various engineering and machine tool companies.

ENGINEERING MACHINE TOOLS. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various engineering and machine tool companies.

ENGINEERING MACHINE TOOLS. Table with columns: High, Low, Stock, Price, Div, Yield, etc. Includes entries for various engineering and machine tool companies.

INDUSTRIALS—Continued

Table of industrial stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, price change, and volume.

LEISURE—Continued

Table of leisure stocks including companies like Leisure, Leisure, Leisure, etc. with columns for stock price, price change, and volume.

PROPERTY—Continued

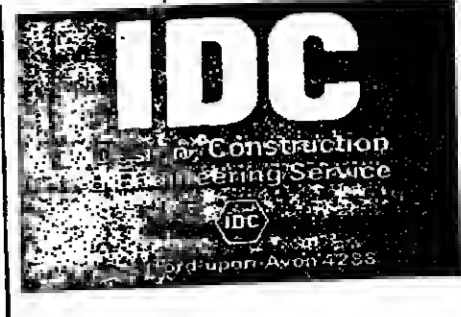
Table of property stocks including companies like Property, Property, Property, etc. with columns for stock price, price change, and volume.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like Investment Trusts, Investment Trusts, Investment Trusts, etc. with columns for stock price, price change, and volume.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like Oil and Gas, Oil and Gas, Oil and Gas, etc. with columns for stock price, price change, and volume.



MINES—Continued

Table of mines stocks including companies like Mines, Mines, Mines, etc. with columns for stock price, price change, and volume.

MOTORS, AIRCRAFT TRADES

Table of motors and aircraft trades stocks including companies like Motors, Motors, Motors, etc. with columns for stock price, price change, and volume.

SHIPPING

Table of shipping stocks including companies like Shipping, Shipping, Shipping, etc. with columns for stock price, price change, and volume.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like Shoes and Leather, Shoes and Leather, Shoes and Leather, etc. with columns for stock price, price change, and volume.

SOUTH AFRICANS

Table of South African stocks including companies like South Africans, South Africans, South Africans, etc. with columns for stock price, price change, and volume.

TEXTILES

Table of textiles stocks including companies like Textiles, Textiles, Textiles, etc. with columns for stock price, price change, and volume.

NEWSPAPERS, PUBLISHERS

Table of newspapers and publishers stocks including companies like Newspapers, Publishers, Newspapers, Publishers, etc. with columns for stock price, price change, and volume.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising stocks including companies like Paper, Printing, Advertising, Paper, Printing, Advertising, etc. with columns for stock price, price change, and volume.

OVERSEAS TRADERS

Table of overseas traders stocks including companies like Overseas Traders, Overseas Traders, Overseas Traders, etc. with columns for stock price, price change, and volume.

PLANTATIONS

Table of plantation stocks including companies like Plantations, Plantations, Plantations, etc. with columns for stock price, price change, and volume.

TEAS

Table of tea stocks including companies like Teas, Teas, Teas, etc. with columns for stock price, price change, and volume.

MINES

Table of mines stocks including companies like Mines, Mines, Mines, etc. with columns for stock price, price change, and volume.

TOBACCO

Table of tobacco stocks including companies like Tobacco, Tobacco, Tobacco, etc. with columns for stock price, price change, and volume.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like Trusts, Finance, Land, Trusts, Finance, Land, etc. with columns for stock price, price change, and volume.

FINANCE, LAND, ETC.

Table of finance, land, and other stocks including companies like Finance, Land, Etc., Finance, Land, Etc., Finance, Land, Etc., etc. with columns for stock price, price change, and volume.

OIL AND GAS

Table of oil and gas stocks including companies like Oil and Gas, Oil and Gas, Oil and Gas, etc. with columns for stock price, price change, and volume.

O.F.S.

Table of O.F.S. stocks including companies like O.F.S., O.F.S., O.F.S., etc. with columns for stock price, price change, and volume.

Diamond and Platinum

Table of diamond and platinum stocks including companies like Diamond and Platinum, Diamond and Platinum, Diamond and Platinum, etc. with columns for stock price, price change, and volume.

Miscellaneous

Table of miscellaneous stocks including companies like Miscellaneous, Miscellaneous, Miscellaneous, etc. with columns for stock price, price change, and volume.

NOTES

Notes section containing various financial notices and company announcements.

REGIONAL AND IRISH STOCKS

Table of regional and Irish stocks including companies like Regional and Irish Stocks, Regional and Irish Stocks, Regional and Irish Stocks, etc. with columns for stock price, price change, and volume.

OPTIONS

Table of options stocks including companies like Options, Options, Options, etc. with columns for stock price, price change, and volume.

INSURANCE

Table of insurance stocks including companies like Insurance, Insurance, Insurance, etc. with columns for stock price, price change, and volume.

LEISURE

Table of leisure stocks including companies like Leisure, Leisure, Leisure, etc. with columns for stock price, price change, and volume.

PROPERTY

Table of property stocks including companies like Property, Property, Property, etc. with columns for stock price, price change, and volume.

FINANCE, LAND, ETC.

Table of finance, land, and other stocks including companies like Finance, Land, Etc., Finance, Land, Etc., Finance, Land, Etc., etc. with columns for stock price, price change, and volume.

O.F.S.

Table of O.F.S. stocks including companies like O.F.S., O.F.S., O.F.S., etc. with columns for stock price, price change, and volume.

RECENT ISSUES AND RIGHTS PAGE 20

Recent issues and rights page 20 section containing financial notices and company announcements.

bank leumi (uk) plc
 Whatever you want from a bank.
 Head office and West End Branch
 4-7 Woodstock Street, London
 W1A 2AF Tel 01-629 1205

PROPERTY INVESTMENT
Hampton & Sons
 01-493 8222

MAN IN THE NEWS

'Supporter of the Flag'

BY ANDREW FISHER

SITTING in his darkened Mayfair office, the light brown net curtains drawn and the solid wooden furniture adding to the sombre atmosphere, Lord Matthews was in resigned and philosophical mood as he pulled at his mild Silk Cut filters.

The well-publicised fuss about where Cunard, of which he is chairman, should build the successor to the unlucky Atlantic Conveyor—destroyed in the Falklands—had left him saddened and surprised.

"Could you believe that one ship could cause this kind of crisis?" In the end, the Government brought out several mil-



Lord Matthews

lions pounds of subsidies, credits, and defence-linked money to keep the order in Britain.

But for the Falklands crisis it would almost certainly have gone to South Korea, since the ship was due to be replaced anyway. The difference in price was between some £30m in Korea and over £40m in the UK.

"It is slightly embarrassing for the Government and astonishing to me that the philosophy of the Government is that one has to be competitive and then we are asked to do something which is uncompetitive," he said.

Lord Matthews, 82 years old, whose knobby features and old-fashioned swept-back hair style have become familiar on the British business scene, was adamant that Swan Hunter, the British shipbuilders' yard, had better deliver on time.

With the yard naming an August 1984 date, he said Cunard had made an eight months' concession on the Korean timing. "There will be considerable loss of revenue in that period," he added. "My fear is that I won't get it built by that date. It has to be built soon, or I shall be shouting loun and clear." He would study the deal closely. "Force majeure is something I shall have to go into when we get the contract terms with the shipbuilders."

Patriotism was a word much handed about in the past week, especially by the Prime Minister. "I was saddened that we, being at least as patriotic as the next person, were accused of being unpatriotic," Mrs Thatcher, he added, "knew jolly well that no-one supports the flag more than we do."

He did not think bookings on the QE2 cruise ship would have been much affected if the order had gone to the Far East. "Eighty per cent of them are in the U.S." Nor was he much of a mind to heed threats that dockers might block this and other ships. "Anyone knows me, one thing I don't do is give in to blackmail." But he reckoned the trade unions meeting with him a week ago, had been fairly quiet and dignified—"an experience I've not been accustomed to."

He said he was aware of the public emotions that might be stirred over the matter a month ago, and fell the government had woken up, to this rather late. He was also struck at Government suggestions that he had put the £15m gap between the Korean and UK prices too high.

"Unattributable comments were made, which is a new departure for me. Certain things were said, though nothing to worry about too much." But it was "very naughty" of the Government. "No-one would thank us if we had paid the British price ourselves, which was £15m more. It was that sum." Would the new ship also be called Atlantic Conveyor? "I rather like the idea of that. I don't see any reason why it shouldn't."

What about his position in Fleet Street, as chief executive of the Trafalgar House group. The group owns Express Newspapers, and he felt "certain other papers enjoyed and tried to take capital out of the situation," the Mail and Mirror in particular. "And I would expect nothing less."

U.S. MID-SESSION ECONOMIC FORECAST

Delayed budget review out

BY ANATOLE KALETSKY IN WASHINGTON

THE U.S. Administration's latest forecasts of a substantial medium-term economic recovery have been greeted sceptically by independent economists.

The Reagan Administration has officially predicted a \$115bn (£86.4bn) budget deficit for 1983, falling to \$58.5bn by 1987, and has "assumed" that the U.S. economy will grow at an annual rate of 4.5 per cent over the next 18 months.

The forecasts were published yesterday in the Administration's long-delayed and controversial "mid-session review of the 1983 budget."

They contrast with a projection earlier this week by the non-partisan Congressional Budget Office, which showed deficits

in the \$140bn to \$160bn region between 1983 and 1985. The office projected growth of about 3.5 per cent for the next two years.

The Commerce Department also issued its index of leading economic indicators yesterday, which underlined doubts about the budget review's sanguine assumptions. The index showed no change in June after two months of strong increases and, in a further blow to the Administration's hopes, revised the March index to show a decline, not an increase, as the Commerce Department had originally stated.

President Reagan himself admitted earlier this week that any recovery would be "slow and difficult." Indeed, the Ad-

ministration has refused to take responsibility for the economic assumptions in the budget review.

The document stressed that these were "essentially the assumptions used by the Congress in the preparation of the first budget resolution, modified to reflect recent actual data." Their use "does not constitute Administration endorsement of these assumptions as economic policy objectives," the document added.

Beyond 1983, when a 4.4 per cent growth rate is assumed, the document stipulates a 4.1 per cent real growth rate for 1984, 3.7 per cent for 1985 and 3.5 per cent for the next two years. In order to show budget

deficits falling slowly but steadily from next year onwards.

These assumptions may be regarded as over-optimistic by many economists, but are more restrained than those published in February in the Administration's original budget for 1983. This showed growth of over 5 per cent in 1983 and 1984 and 4.5 per cent for the next three years.

The assumptions about long-term inflation have become markedly more pessimistic, with consumer prices growing at about 6 per cent, instead of less than 5 per cent throughout the 1983-87 period. Higher inflation rates boost revenue projections and thus reduce the forecast budget deficits.

Steel row with EEC, Page 2

Private insurance plan to fund Health Service is rejected

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

THE GOVERNMENT has rejected the highly controversial idea of switching to a system of private insurance for funding the National Health Service, and decided to stick with the present method of financing.

Ministers are, however, to consider new ways of encouraging development of the private sector in health care.

The Government will set up a working party shortly to study ways of increasing co-operation between the public and private sectors in health care.

One possibility is that a health authority abort of beds might be encouraged to enter into a contractual arrangement with a private hospital rather than build a hospital of its own.

Mr Norman Fowler, the Social Services Secretary, said in a written Parliamentary answer yesterday that the Government had no plans to change the present system of financing the Health Service largely from taxation.

It would, he stressed, continue to review the scope for "introducing more cost-con-

sciousness and consumer choice, and for increasing private provision."

The Government came to power with a manifesto commitment to look at the way the NHS was financed.

This led to speculation that it might abolish the system of free health care on demand as established by Aneurin Bevan after the last war, and go instead for an American-type private insurance scheme.

Last year it set up an inter-departmental study group to consider alternative sources of finance. The group looked at both the U.S. system, operated by private companies, and the Continental system of State-funded insurance schemes.

The working party did not come to precise conclusions but appears to have convinced Mr Fowler that it would be a mistake to change the present system.

The Government view seems to be that for all its shortcomings the NHS is very popular and well established. For this reason it would be counter-

productive to alter radically the way it is funded.

A similar view was taken by the British Medical Association when it considered the question.

Any move to change the present system would have been bitterly resisted by the Opposition, and would almost certainly have made some Tory MPs uneasy.

A minority of Conservative MPs believe that an insurance scheme like the U.S. one might introduce a much-needed note of cost consciousness to the NHS as well as boosting the development of the private sector.

Mr Fowler is anxious to improve the efficiency of the NHS. Yesterday he announced one studies which regional health authorities would carry out over the next six months.

These included an investigation by the South-East Thames Authority into catering costs, and by the Oxford Authority into management of their residential property.

Comparability sought for nurses, Page 3

Botha plea for support over S. Africa constitution reform

BY J. D. F. JONES IN BLOEMFONTEIN

THE South African government plans to change the constitution of the Republic to create an office of executive president and a parliament of three separate chambers for Whites, Coloureds and Indians, Mr P. W. Botha, the Prime Minister, confirmed last night.

Mr Botha, who is fighting a White right-wing breakaway group, pleaded with an audience of 5,000 supporters in Bloemfontein for "the acknowledgement of reality" as well as for "national unity based on diversity."

An extraordinary federal congress of the ruling National Party was meeting to endorse the constitutional changes and then pass them to the party's provincial congresses. If the party agrees, at all these levels

legislation would be introduced said the prime minister.

The Government is pressing forward with its reformist approach, to the Coloureds and Indians, but there was nothing in last night's proposals for the Black majority other than a brief reference to linking urban communities with their tribal nation-states—a step likely to be rejected by some Blacks.

Mr Botha emphasised the return to his earlier advocacy of a confederation of Southern African states. He said that at a summit of the Republic and the four existing "independent" nation-states to discuss fundamental issues such as the proposed regional development bank would be held in November.

The proposed constitutional changes envisage a president

uniting the present offices of ceremonial state president and prime minister chosen by an electoral college of 50 whites, 25 Coloureds and 13 Indians, thus ensuring a White majority. Mr Botha is unanimously assumed to be the first candidate for the position.

The Government has opted for three chambers in a single parliament, rather than a single chamber in which Whites, Coloureds and Indians would sit together. Each chamber would have power on issues concerning its own community but the president's council would arbitrate on areas of disagreement.

Proposals remain vague on the detail of the envisaged standing committees that would liaise between the chambers.

Zimbabwe kidnaps, Page 2

Grain sales to Russia extended for year by President Reagan

BY PETER BRUCE IN WASHINGTON

PRESIDENT REAGAN has decided to offer the Soviet Union a one-year extension of a grain-sales agreement. The current contract, which offers Moscow 6m tonnes of grain a year, expires on September 30.

Mr John Block U.S. Agriculture Secretary, said the decision could lead to record purchases of U.S. grain by the Soviet Union, which this year had its worst crop since 1976. Moscow will have to agree to the extension, however, and a White House statement said yesterday Mr Reagan had authorised U.S. officials to explore the possibility with the Soviet Union.

The Administration's offer amounts to a compromise by the President. It comes after months of infighting in Washington. The powerful farm lobby, supported by Mr Block, said a new agreement ought to be signed or, as Mr Block said, the existing pact should be extended for two years. Con-

servative Administration strategists and Republican politicians, on the other hand, have pressed for tough sanctions against Moscow.

The President, warned by political advisers that Republican candidates in the Mid-West might be vulnerable in the November congressional elections, agreed not only to try to extend the agreement but to raise the amount of grain on offer.

He has also gone, some way towards meeting objections that further U.S. grain sales might send the "wrong signals" to Moscow, which Washington is trying to punish for the invasion of Afghanistan and the imposition of martial law in Poland, by ruling out any movement towards a new long-term grain pact with the Soviets.

The White House said the decision "reinforces" U.S. efforts to sanction Soviet-backed repression in Poland. "The

Soviets should not be afforded the additional security of a new long-term grain agreement as long as repression continues in Poland," it said.

Under the current five-year agreement, extended for the first time last year, the Soviet Union is committed to buy 6m tonnes of grain and to purchase a further 2m tonnes without official U.S. consent. Washington is able also to offer further discretionary sales. This year the U.S. has offered Moscow 23m tonnes, of which 14m tonnes has been taken up.

U.S. farmers have put intense pressure on the Administration since it became clear the winter-wheat crop might reach a record 2.1bn bushels and threaten prices. The U.S. Agriculture Department has estimated, conversely, that Soviet grain yields might fall 68m tonnes below the official target of 235m tonnes.

Beckett appeal Continued from Page 1

relieve industry's problems. But the CBI regards it as insufficient.

Sir Terence dismissed the easing of hire purchase restrictions announced earlier this

week as "little more than tinkering at the edges of our present problems."

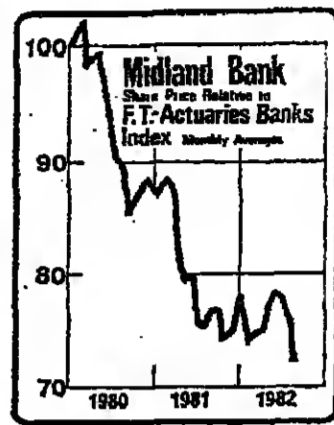
He also dismissed the extension of the country's enterprise zones by saying that "if the

whole country were made an enterprise zone and removed from the crippling burden of business rates and planning restrictions, then we might really be talking."

THE LEX COLUMN

Hidden costs of cheaper money

Index rose 0.1 to 556.5



The pretence that interest rates are set by supply and demand, or even by gentlemanly cartel agreements, received another blow this week from the Bank of England's strong-arm tactics in the money market (second hand bills bought, top prices paid). As if authoritative aggression were not enough, the elected representatives of the people have gone into action. Mr Anthony Beaumont Dark, MP, told the banks to get on with it and cut base rates yesterday morning, rather as President Carter used to chivvy Citibank over its prime. Lloyds Bank wearily took the hint at lunchtime, and the others trooped in during the afternoon.

So base rates are down to 11 per cent, a level not seen since the autumn of 1978, when the monetary landscape was very different from what it is today. House prices, for example, were rising vertically—something of which there is little sign at present, even though mortgage rates are surely on the verge of a one point drop. It will be interesting to see whereabouts on the scale between the "clearers" 8 1/2 per cent deposit rate and National Savings' 13 1/2 per cent level the building societies set the gross equivalent of their ordinary share rate.

It is unusual to see the authorities arranging a collapse of interest rates quite so blatantly. The question now is whether monetary policy may not be becoming too loose. On Wall Street, too, a debate is raging with the bears arguing that the Federal Reserve's easier stance in the credit markets risks stoking up inflation again.

Brokers de Zoete and Bevan believe the Government is now relaxing monetary policy too much while fiscal policy remains too tight—the exact opposite of the mistake it is generally thought to have made in 1980. That is not the story being told by the money supply figures, at least not yet. But the steeply upward-sloping gilt-edged yield curve does not suggest that money is tight; at times recently short-dated stocks have performed better than the longs, which is unusual in a rising market.

From the real economy the evidence is conflicting. Consumer spending—and borrowing—remain buoyant, yet manufacturing industry is crying out for relief. The CBI's pronouncements are not always trustworthy at this time of year, but the wage round approach-

ing, but the figures being reported by ICI, to take just one example, have a very bedraggled look.

This is just as much a problem for the markets as for the policymakers. Equity prices are subject to a considerable two-way pull. The fall in gilt-edged yields at a time when the gap between them and equity yields is already rather low would tend to push prices up smartly. At the same time the flagging profits performance and the downward revision of forecasts for dividend growth works the other way. And British companies are no longer able to rely on strong overseas earnings, now that the recession is worldwide.

Just as in the previous week equity prices were rising in the wake of gilt-edged, so last week the worries over corporate profits held sway. The FT 25 Share Index, influenced by its heavy industrial constituents, gave up 22 points on the week to return to the level of a fortnight ago. Gilt-edged were much more resilient, and if the strength of sterling encourages further reductions in interest rates, the shorts in particular may make more progress. At some time in the next few months, though, the gilt-edged market may be uncomfortably torn between its wish to see a restrictive monetary policy and the desire to see the Government re-elected.

The Midland Bank's profits performance lags those already reported—Lloyds and NatWest—by enough to precipitate considerable disenchantment in the

stock market. The shares have performed so badly in recent years that most investors have bought in the last 12 months have done so on the assumption that the next relative move could only be upward. But yesterday's figures suggest that the bank has been forced heavily on to the defensive, it may simply not be generating enough earnings to fight back effectively.

Pretax profits for the first six months are £91m, 9 per cent down on the disappointing figure of a year earlier, and 2 1/2 per cent below the outcome of the second half of 1981. As the assumption that the next relative move could only be upward, the comparison level then the comparison looks even worse. After removing minorities—essentially Crocker—earnings are down 2 1/2 per cent on the same period in 1981, even though the tax charge has changed little.

The charge for provision for bad and doubtful debts is partly to blame. At £5.5m this is virtually the same as the preceding half year, although the international side now accounts for a larger proportion of the mix. The absolute level is in line with the other clearing banks, but whereas at Lloyds and NatWest the charge is about a third of pre-tax profits, Midland's is four-fifths. They are adding back the charges, Midland has significantly underperformed the other two.

Domestic profits have risen a modest 23 per cent over the year, but the Midland has been losing market share. Sterling advances are up 10 per cent in the latest six months, which compares with 24 per cent at Lloyds and 14 per cent at NatWest. Since Lloyds' extra business is pretty marginal, the erosion may not be burning the Midland much—at least in the short term. Possibly more serious is the very sluggish performance on the deposits side. Midland has seen no advance at all in current accounts in the last year and an actual decline in 7-day money. The reason for the squeeze of the customer base are a compound of many things, late arrival in the mortgage business and possibly the effect of the 5hp cheque charge.

The clean up of its suspect international portfolio is also hurting. There has been no increase in currency advances at all in the latest six months, while switching from long to short term loans has reduced margins. Crocker has also been sluggish. The shares fell 15p yesterday to 31 1/2, and the market's reservations are reflected in an 11.2 per cent yield.

The Midland Bank

The Midland Bank's profits performance lags those already reported—Lloyds and NatWest—by enough to precipitate considerable disenchantment in the

Ambrosiano subsidiary's control shifts

By Duncan Campbell-Smith

CONTROL of Banco Ambrosiano Holdings, the Luxembourg subsidiary of Italy's beleaguered Ambrosiano banking group, has passed formally into the hands of three independent commissioners.

The three, M Jacques Delvaux, M Jean Welter and M Albert Schaff, are likely to become well known in the Enronmarket banking community before they complete their assignment. The Luxembourg company is in default to about 250 banks for more than \$400m (£231m).

Luxembourg's principal commercial court, which appointed the commissioners, asked them to report on the financial position of the company by December 15. They will be expected to present other recommendations for corporate reorganisation or arrangements for liquidation.

The holding company's board of directors resigned yesterday leaving the field open to the commissioners. They will address an extraordinary general meeting of shareholders on Thursday.

Banco Ambrosiano SpA of Milan owns 65 per cent of the equity, which consists of bearer shares requiring no registration of ownership, but the identity of the minority shareholders is unknown.

London ban on Parauquat

The Greater London Council has banned the weedkiller Parauquat from parks and open spaces, and another weedkiller has been withdrawn from use pending thorough investigation.

The GLC Arts and Recreation Committee has ordered all stocks of Parauquat to be destroyed. Supplies of 2,4-D are to be collected from all GLC parks and held until a further report is brought to the committee.

Weather

UK TODAY
 WARM and humid, outbreaks of thundery rain.
 England, Wales, N Ireland, SW Scotland and Glasgow
 Showers, thunder in places, bright intervals. Max 24C (75F).
 Rest of Scotland
 Dry, sunny periods, Max 24C (75F).
 Outlook: Unsettled but dry, becoming cooler.

WORLDWIDE

	V day	max	min	V day	max	min
	°C	°C	°C	°C	°C	°C
Algeria	28	32	18	Angl	20	16
Amman	25	30	15	Antwerp	18	14
Athens	32	36	22	Barcelona	22	18
Bahrein	37	39	28	Bombay	29	24
Bangkok	32	36	24	Buenos Aires	22	18
Beirut	21	25	12	Calcutta	29	24
Berlin	27	31	15	Cardiff	18	14
Birmingham	24	28	12	Cebu	27	23
Bombay	29	33	24	Dublin	18	14
Buenos Aires	22	26	12	Edinburgh	18	14
Calcutta	29	33	24	Funchal	24	20
Cardiff	18	22	8	Geneva	24	20
Cebu	27	31	15	Havana	27	23
Dublin	18	22	8	Hong Kong	29	25
Edinburgh	18	22	8	London	22	18
Funchal	24	28	12	Lyons	24	20
Geneva	24	28	12	Manila	29	25
Havana	27	31	15	Medan	27	23
Hong Kong	29	33	24	Moscow	18	14
London	22	26	12	Nairobi	24	20
Lyons	24	28	12	Rangoon	29	25
Manila	29	33	24	San Francisco	18	14
Medan	27	31	15	Singapore	29	25
Moscow	18	22	8	Sydney	24	20
Nairobi	24	28	12	Taipei	27	23
Rangoon	29	33	24	Tokyo	24	20
San Francisco	18	22	8	Yokohama	24	20
Singapore	29	33	24			
Sydney	24	28	12			
Taipei	27	31	15			
Tokyo	24	28	12			
Yokohama	24	28	12			

ISN'T IT TIME YOU HAD SECOND THOUGHTS ABOUT YOUR COMPANY MEDICAL INSURANCE?

If you are thinking of private medical insurance for the first time, or want greater flexibility or perhaps lower costs than your existing scheme, PPP can help.

From a truly comprehensive scheme for senior executives to low cost voluntary group schemes paid for by employees themselves, PPP is expert at providing just the right level of cover. The benefits of private medical cover are now widely appreciated by many thousands of companies with voluntary or company paid schemes. Over 6500 such companies are now serviced by the PPP branch network.

If you have a need for company medical insurance, get a second opinion. Contact your nearest PPP Branch Manager or ask your secretary to return the coupon.

Branch Offices:
 Birmingham
 Hampton Road, 2259 Coventry Road, Sheldon—Telephone 021-743-4505
 Bristol
 35 Queen Square—Telephone 0222-204108
 Leeds
 Yorkshire House, East Parade—Telephone 0532-542215
 Leicester
 Christopher House, 94b London Road—Telephone 0533-542215
 Liverpool
 127 Corn Exchange Buildings, Fairview Square—Telephone 051-227-4809
 London
 Travstock House South, Travstock Square—Telephone 01-385-2466
 Manchester
 148-154 Whitworth Road, Deansgate—Telephone 061-434-3131
 Southampton
 Southside Life Insurance, New Road—Telephone 0703-26918
 South East Area
 Synham House, Cromwell Road, Tunbridge Wells—Telephone 0892-40111
 Walsley
 St. Martin's House, 31-35 Chancery Road—Telephone 0983-48811

Private Medical Care for Companies.

I've had second thoughts about my company medical insurance. Please send me details of the PPP scheme.

Name _____
 Company _____
 Address _____
 Postcode _____

Send me Private Patients Club, FFEPCO Card, Membership Voucher Form FPA 217.

Recapitulation of the contents of this newspaper in any manner is not permitted without the consent of the publishers. Registered at the Post Office, Printed by Sir Clements Press Ltd and published by the Financial Times Ltd, Blackwell House, Cannon Street, London, EC4A 3DF.

© The Financial Times Ltd, 1982.